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ROYAL COMMISSION ON MATTERS OF HEALTH AND SAFETY
ARISING FROM THE USE OF ASBESTOS IN ONTARIO

CHAIRMAN: J. STEFAN DUPRE, Ph.D.

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Asbestos Victims

Miss L. Jolley


Ontario Federation of Labour

Mr. N. McCombie

Injured Workers Consultants

180 Dundas Street
Toronto, Ontario
Wednesday,
June 23, 1982

VOLUME 44



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VOLUME 44

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THE FURTHER PROCEEDINGS IN THIS INQUIRY
RESUMED PURSUANT TO ADJOURNMENT

APPEARANCES AS HERETOFORE NOTED

DR. DUPRE: Good morning, may we come to order?

This morning the Commission greets Mr. Bruce Machin, vice-president....I'm sorry, wrong line...Mr. Jack Cashman, president and chairman of the board of Manville Canada Incorporated.

Counsel, are you ready?

MR. LASKIN: I'm ready.

I believe Mr. Lederer had one preliminary matter he wish to speak to before we...

MR. LEDERER: Yes, Mr. Chairman. You recall that yesterday I reviewed with you the status of the five undertakings that I took it were before this Commission and which we had undertaken.

I am in a position now to satisfy another one of those, and this relates to an undertaking made two days ago...the legal opinion that was asked for.

I have obtained the instructions which I indicated

5 MR. LEDERER: (cont'd.) to you yesterday I was seeking, which is to, in effect, breach the normal privilege of the solicitor/client relationship, and I have instruction to do that and I have, unfortunately, only a single copy of this opinion with me, but I could obtain others, or perhaps Miss Kahn could provide those...

10 DR. DUPRE: Miss Kahn will look after that in due course.

Thank you, Mr. Lederer.

Miss Kahn, would you swear Mr. Cashman, please?

JOHN PATRICK CASHMAN, SWORN

EXAMINATION-IN-CHIEF BY MR. LASKIN

15 Q. Mr. Cashman, you are president and general manager of Manville Canada Inc.?

A. That's correct. Yes.

Q. And you are also a director of that company?

A. I am, yes.

20 Q. And you are as well, as I understand it, a director of Manville International Corporation?

A. That's true.

Q. Can you briefly tell the Commission your educational background, and then your employment history through Johns-Manville?

25 A. Yes, I can. In fact, what might be a good idea if I do that briefly and then perhaps to save some time I can go through the organizational charts as they used to exist prior to reorganization that occurred last year, and as they now exist today, showing the various relationships of the corporate departments and the reporting of the officers and staff of the company.

30 Q. I think that would be helpful.

5 A. You requested my background. I am of Irish nationality, and was educated in England, went to the University of London to study chemistry.

I joined Johns-Manville Great Britain in 1964, working as a technical representative in the filtration of minerals department. It could broadly be called the mineral chemical department of that time.

10 In 1966 or 1967, I went to France for a year. I then came back to England as manager of the mineral chemical department.

In 1969, Johns-Manville Europe was created to oversee and manage the various functions of Johns-Manville throughout the European continent and Britain.

15 I stayed in Europe in various functions related to sales and marketing, in the mineral chemical department, until 1976, when I went and worked in Denver, Colorado, the corporate headquarters of Johns-Manville Corporation, for a year...or just under a year.

20 I returned to Paris, France in late 1976, and moved into general production management in Europe, of the filtration and mineral manufacturing locations of Johns-Manville, either wholly-owned or joint ventures.

In 1978, I moved into the building products and fiber glass marketing operations in Europe, and came to Canada in September, 1980.

25 I assumed my present position on January 1, 1981.

Q. Have you ever had responsibility for or been involved in any of the asbestos operations of Johns-Manville, through its related companies?

30 A. No, I have not. Going back to our operations in Europe, we have no manufacturing operations related to asbestos fiber that came within the responsibility of Johns-Manville Europe,

A. (cont'd.) and perhaps I can explain that in greater detail with the slides.

Q. Why don't you please do that?

A. Good.

Tom, will you put those slides up?

I'll try and handle this from here, but if you don't mind, if I need to walk around, I'll perhaps do so, but I will try and avoid if I think it's not going to work very well with the microphone.

That's the general organization of the corporation, which is a Denver, Colorado-based corporation on a worldwide basis.

The chairman of the board has reporting to him, on the lefthand side of that chart, a number of staff functions that are essentially nonoperational and report directly to him.

On the righthand side of the charts, he has the president, who obviously has the operational responsibility, and the significant boxes there on the righthand side are the senior vice-president boxes as they relate to what were the five operating functions of the corporation.

The first one on the left is the senior vice-president for building materials, exclusively within the United States. These would be manufacturing locations making roofing board and siding, products of that nature...and they had, that operation had five divisions under its responsibility.

At the bottom of that chart you will see a division called holophane, which is a division of Johns-Manville which we purchased several years ago, involved in the ceiling and lighting systems business, and exterior lighting and illumination systems.

That does have an operating branch subsidiary in Canada, which is operated as a subsidiary of the holophane division in the United States. This is not part of the general

A. (cont'd.) management or the division management that is under my responsibility, nor was it pre-1980.

5 The next operation there of great significance to us was the senior vice-president of international operations, and that had essentially three divisions. There was Latin America and the Far East; Europe, Africa and the Middle East, and Canadian products division.

10 Canadian products division is the division that I have responsibility for.

That Canadian products division, as was holophane, used to be part of Johns-Manville Canada Inc.

Q. Which was a wholly-owned subsidiary of...?

A. Which was...

15 Q. ...Johns-Manville Corporation?

A. ...a wholly-owned subsidiary of Johns-Manville Corporation. Right.

The next box is senior vice-president, industrial products, ran three divisions that were entirely domestic United States.

20 The next box of significance to us here is the senior vice-president, mining, which had essentially two major divisions. One is the filtration of mineral division within the United States, and the second division was the asbestos fiber division responsible for the mining and manufacturing of asbestos fiber at Asbestos, Quebec..and the selling of same.

25 So Canadian products division, asbestos fiber division, holophane, those three...well, two divisions and one subdivision, made up the legal entity of Johns-Manville Canada.

Q. And under which of those divisions were the Ontario operations located?

30 A. The Ontario operations, as you refer to the manufacturing operation in Scarborough, was under the Canadian

A. (cont'd.) products division.

5 Q. When one of your mines was operating, the Reeves Mine, in the 1970's, which of the divisions...

A. That would have been under the asbestos fiber division, controlled directly by the mining division in the United States.

10 The differentiation, perhaps to try and make it simple, is that anything that is essentially a Canadian operation in terms of manufacturing and selling products within Canada, is a Canadian products division responsibility.

15 The mining of asbestos fiber in Quebec is a nonCanadian products division responsibility in the sense that some very large proportion - I don't know exactly what the proportion is - perhaps ninety percent, is exported and it's kind of coincidental that the mine happens to be in Quebec, as far as the world market and demand for that product is concerned.

20 Q. In terms of your officers, just so that I understand it, the senior vice-presidents that are listed across the divisions, those are senior vice-presidents of the American corporation?

25 A. Yes, they are. I think in, if memory serves me, in all cases those senior vice-presidents were also vice-presidents of Johns-Manville Corporation, as well as being senior vice-presidents of the operating divisions or departments.

Q. Were any of them officers of Johns-Manville Canada?

A. Not to my knowledge.

Q. Was there inter-locking directorship in terms of...were they members of the board of directors?

30 A. Of Johns-Manville Canada? They would not have been, to my knowledge, at that time. It's something we can certainly verify and come back to you on.

A. Perhaps we could go...

MR. LASKIN: The Chairman has a question.

DR. DUPRE: Well, I'm just wondering, if you are going to go to another chart, this might be useful if we kept this one.

THE WITNESS: Surely.

MR. LASKIN: I think we are still...were you planning to leave this chart?

THE WITNESS: I was going to go on to how we are now organized, and then come back and show the relationship of the directors in the current structure.

Q. Can we at least deal with the lefthand side of the chart...

A. Surely.

Q. ...with the box that you appear to have singled out in purple or dark blue?

A. The purple or dark blue one, yes, is, of course, the position of senior vice-president, health, safety and environment...such position as was occupied by Dr. Kotin from I believe 1974 until recently.

He reported in this organization through the vice-chairman of the board, directly to the chairman of the board, and as such had an operational as well as a staff function over all the operating subsidiaries that you see on the righthand side.

Q. Is there any particular reason why he didn't report to the president?

A. I don't know if there was any particular reason why he didn't report to the president.

MR. LASKIN: Dr. Uffen?

DR. UFFEN: I just wondered whether that is a common or rather uncommon type of structure, to have a vice-chairman of board operating more or less in the role of the president, but

DR. UFFEN: (cont'd.) for one small part of the organization?

5 I'll put it another way. Why wouldn't the senior vice-president operate in the same way as senior V-P finance... senior vice-president, health, safety and...

THE WITNESS: Through a vice-chairman of the board?

10 I really don't know the answer to that question, other than the very significant attention that we gave to health and safety, and the amount of time it took.

15 You see, the senior vice-president, health, safety and environment was a medical practitioner, Dr. Kotin. There were very many other administrative functions involved in that job, that he himself, whilst having a very strong influence in an advisory - in fact almost a dictatorial role - was not necessarily there just to administer them.

MR. LASKIN: Q. Did that position exist before 1974, within the organizational structure...pre-Dr. Kotin?

20 THE WITNESS: A. I don't know. There certainly was a health, safety and environment department, but specifically where it existed in the organizational chart, I don't know the answer to that question.

DR. UFFEN: Could I just ask...?

MR. LASKIN: Yes, sir.

25 DR. UFFEN: Who is the chief executive officer and who is the chief operating officer, in that old structure?

THE WITNESS: The old structure, the chief executive officer would be the chairman of the board, and the chief operating officer would be the president, in that old structure.

30 DR. UFFEN: So that the vice-chairman seems to me to be an anomalous position in most organizations.

Anyway, it may not be of any consequence, but as

DR. UFFEN: (cont'd.) you can guess, we are interested in Dr. Kotin's reporting...

THE WITNESS: Relationships.

DR. UFFEN: Relationships.

THE WITNESS: Perhaps we could look at the...

DR. DUPRE: I guess the only question I have is whether there is going to be a pre-1980 chart that shows us the Canadian organization where we have all of CPD and AFD?

THE WITNESS: We haven't got one with us, I don't think, but certainly it could be provided to the Commission. It would be very simple to do it.

DR. DUPRE: Just briefly, so that I can just try to make sure I understand the pre-1980 structure, the holophane products division and the asbestos fiber division comprised the three divisions of the corporate entity known as Johns-Manville Canada Incorporated?

THE WITNESS: Correct. Yes.

DR. DUPRE: And that was the sum total of its three divisions?

THE WITNESS: Yes.

DR. DUPRE: I guess it would have been your predecessor who would have been...

THE WITNESS: President of Johns-Manville Canada Inc.

DR. DUPRE: And chief executive officer?

THE WITNESS: Yes.

DR. DUPRE: And he...

THE WITNESS: Although he would not...I'm sorry to interrupt you...although whilst he would have had that legal position, to my knowledge he never had direct responsibility for the operation of the mining division in Asbestos, Quebec.

DR. DUPRE: Who had direct...

THE WITNESS: That would have come from the senior
5 vice-president, mining division, in the United States.

DR. DUPRE: I see. And did he have...

THE WITNESS: Through a separate division general
manager, who at that time would have been located in Quebec.
It was operated as two different divisions.

DR. DUPRE: Is this two divisions as well - namely
10 the products division really would have had as its chief
executive the senior vice-president, international?

THE WITNESS: No. Perhaps I should rephrase that
The chief executive of the mining operation in
Canada would have been, under that structure, a division general
15 manager located in Quebec, reporting to a senior vice-president
of the mining division in the United States.

The chief executive of the Canadian products
division would have been a division general manager located here
in Ontario, reporting to a senior vice-president of international
operations in the United States.

20 So there were two division general managers in
Canada.

DR. DUPRE: Each of them reporting to...?

THE WITNESS: To different senior vice-presidents
in the United States.

DR. DUPRE: Okay. Now, where does this leave
25 the president and chief executive officer of Johns-Manville
Canada, at that time?

THE WITNESS: In the pre-1980 organization, as
I recall the president of Johns-Manville Canada was the division
general manager for the products division, and the chairman of
30 Johns-Manville Canada would be the division general manager of
the asbestos fiber division. I believe that to have been the case.

DR. DUPRE: Okay.

Now, at this point I guess what I need a little help with is the extent to which the position of president and chief executive officer of Johns-Manville Canada, at that time, was anything different from - shall we call it a paper title?

THE WITNESS: In as far as the operational structure of the two divisions is concerned, I would think it wasn't very much more than a paper title.

DR. DUPRE: And basically, there wasn't really anyone who reported to the individual who had the title of president and chief executive officer of J-M, with someone who had a reporting relationship to him not by virtue of his presidency of J-M Canada, but by virtue of his position as the division...

THE WITNESS: General manager.

DR. DUPRE: ...general manager for CPD or AFD...

THE WITNESS: That would be essentially correct, yes.

DR. DUPRE: ...as the case might be.

DR. UFFEN: I would like to ask a quick question. I presume Johns-Manville Canada had a board of directors?

THE WITNESS: Yes.

DR. UFFEN: Would there have been any members of that board of directors that was not part of the organization of the J-M parent corporation?

THE WITNESS: No. It was a wholly-internal board of directors.

DR. UFFEN: No external...

THE WITNESS: Not in Canada, no.

DR. DUPRE: So all the members of that board of directors would have been basically full-time...

THE WITNESS: Employees.

DR. DUPRE: ...employees of the firm.

THE WITNESS: That's correct.

5 MR. LASKIN: Q. To whom, nominally at least, did your predecessor in this pre-1980 organization report to?

THE WITNESS: A. The division general manager of the Canadian products division would have reported to the senior vice-president international.

Q. The president and chief executive officer...

10 A. Would have reported to the senior vice-president international, in that particular case.

DR. DUPRE: And the reason why he would be doing that is because he was the division general manager.

THE WITNESS: Exactly.

15 DR. DUPRE: He really had no reporting relationship with anyone, as I would understand it, in his capacity as president of...?

THE WITNESS: Correct. In the legal, fiscal capacity of president of, the reporting relationship was unimportant. The reporting relationship was an operational one in that the division had a division general manager and reported up through senior vice-president of international.

20 DR. DUPRE: Now, can I ask just one other question because I just want to make sure I wrap my arms around how it worked. Maybe if I could see that chart again, Mr. Patterson.

25 Now, let me...I just want to try to understand what J-M Canada itself did.

Now, as a Canadian corporate entity, of course, J-M Canada would have had all the usual kinds of obligations with respect to paying its taxes, etc., etc. And of course back in headquarters, when I see a senior vice-presidents of finance, treasurer and so on, and I see the legal corporate relations

5 DR. DUPRE: (cont'd.) situations, I guess what I'm asking myself is the following: Was each of the three divisions, which were really...I will call them the operational units in Canada...was each of the three divisions basically dealt with separately, where all financial and other requirements were concerned, with then, I guess, a simple aggregation of the operations being done here for the purpose of filing corporate income tax returns and so on?

10 THE WITNESS: If I may answer that in relation to a number of different ways. In terms of how we were or how they were measured in their financial performance, either as a return on investment or in sales or profits, or in fact in their requirements for capital for improvement of expansion or environmental, each of the divisions...or holophane is actually
15 a department...would be treated separately and would have to justify its own financial requirements, etc.

20 So in that respect, they were treated as different entities in the responsibility and reporting relationships, and profit and loss statements internally are prepared for those three operations - two divisions and one department.

25 In terms of compliance with corporate guidelines and what we did and what we didn't do with money, and how we obtained the money, these were all done centrally, and in that respect we were looked upon as an internal division rather than as a separate company.

30 All matters related to employee relations, human resources, health, safety and environment, regulations on what sort of cars people should drive and all these sort of other administrative or staff functions, were applied broadly across the two divisions and the department as if it was one entity.

DR. DUPRE: That is, as one Canadian entity?

THE WITNESS: Yes.

5 DR. DUPRE: Now just in line with that, who paid J-M Canada's corporation income tax, J-M Canada's...

THE WITNESS: J-M Canada. Yes.

DR. DUPRE: Can I just ask you in connection with that, under that president and chief executive officer, were there vice-presidents?

10 THE WITNESS: Yes, there would have been.

DR. DUPRE: And there would have been vice-presidents for finance...

THE WITNESS: Yes, probably. Or production and..

DR. DUPRE:...corporate relations?

15 THE WITNESS: There would not have been a vice-president of corporate relations within the Canadian...within Johns-Manville Canada.

DR. UFFEN: A treasurer?

THE WITNESS: Yes.

20 DR. UFFEN: Would he wear two hats? Would he also be the treasurer, or would it be a different person...the treasurer of the Canadian corporation would have been a different person from the treasurer of the parent corporation?

25 THE WITNESS: It would normally have been a different person, yes. It would normally have been an employee of Johns-Manville Canada, as distinct from being an employee of Johns-Manville Corporation.

DR. DUPRE: Let me ask you this. I think we have established that for this time period, the president of J-MC basically had a paper title because his effective role related to his role as division...

30 THE WITNESS: Division general manager.

DR. DUPRE: ...division general manager.

5 DR. DUPRE: (cont'd.) Now, if J-M Canada, in this time period, had a treasurer, was this again more or less a title job that was given to someone who had a function under a division, one or the other of the division general managers?

THE WITNESS: Yes. Yes, that's quite correct.

10 DR. DUPRE: I see. And if, let's say, he had a position, let's say, under the division, general manager for Canadian products, how did he get the things that were needed from the asbestos fiber...

THE WITNESS: How did he pool them all together?

DR. DUPRE: ...so that he could pay your tax bill?

15 THE WITNESS: Yes. Within that structure as you see it, and within the two divisions and the one department, there are, however, some people, some very few people in Canada who report to neither division general manager, but who report directly to, for instance the tax department in Denver, or conceivably the finance department in Denver, and you see in the new structure that they actually provide those financial
20 services for the two divisions and pool the...obviously consolidate the earning statements for tax purposes, etc., and they just have a broad right to do that.

25 DR. DUPRE: Well, now, would it have been true... again because I just want the historical background here...would it have been true of the treasurer of Johns-Manville Canada Incorporated that for the purpose of his duties with respect to paying the tax bill he would have had a reporting relationship to somebody on the lefthand side of your chart?

30 THE WITNESS: He would certainly have had, and it would have varied throughout the years probably, he would either have had what we call a dotted line reporting relationship to somebody on the left of the chart, or in some cases a direct

THE WITNESS: (cont'd.) line of relationship, depending on what his function may or may not have been at any particular time.

I don't recall specifically who the people were involved, but you could have over a particular time period a financial comptroller who might assume that position of treasurer. On another occasion you might have the person responsible for income tax who might assume that responsibility.

The comptroller probably worked for the division general manager. The income tax manager probably worked for the finance department in the United States.

But in both cases they would have some sort of relationship with the corporate finance department.

DR. DUPRE: One other line of questioning along this historical vein. Johns-Manville...well, let me put it to you this way...there existed any of a number of collective bargaining agreements in this period covered by that chart.

Now, for the purpose of signing a collective bargaining agreement, was Johns-Manville Canada deemed the employer?

THE WITNESS: Yes.

DR. DUPRE: At this point, was there an officer of Johns-Manville Canada, below the president, who had a title like vice-president, industrial relations?

THE WITNESS: I'm not sure of the exact answer to that question. There certainly would have been people below the president who would have had titles of vice-president, and there might have been vice-president of manufacturing, or vice-president of sales and marketing, financing.

Whether there was one specific V-P, I can't be sure. There wasn't one specifically for employee relations or labour relations, but I think there would have been one for

THE WITNESS: (cont'd.) manufacturing...my present production, Canada.

5 MR. LASKIN: Q. Would there have been one for health and environment?

THE WITNESS: A. Not at a vice-presidency level. No, there would not have been.

Q. Was there any...I'm sorry...did I depart from your line?

10 DR. DUPRE: No, no.

Q. Was there any officer within Johns-Manville Canada who had a position of responsibility for health, safety and environment?

15 A. Clearly on an operational basis the person responsible for the production or manufacturing operations throughout Canada, either in Canadian products division or in asbestos fiber division, would have had that responsibility of assuring that all the regulations as laid down by the corporation or by any other body were complied with.

20 Q. But was there a medical person like...I use like in the broad sense...but like Dr. Kotin, in the Canadian operation?

A. Not as a director of the company.

25 Q. Do you have any recollection in the pre-1980 organization who was the highest ranking medical person within the structure, and what position he or she held?

A. No, I don't clearly...I would suggest with respect that perhaps you address that to Bruce Machin next week, who is certainly intimately involved in that whole area.

Q. All right.

30 A. We have had outside medical consultants and we have inside nurses, and we have people in occupational hygiene and health, safety and environment, but to my knowledge we have

5 A. (cont'd.) never had a medical practitioner as an employee of Manville Canada, or Johns-Manville Canada, but I may be wrong.

DR. DUPRE: In your collective bargaining, would it be correct to assume that those who bargained on the management side of the table were employees who had their reporting relationship to the respective division general managers?

10 THE WITNESS: Yes. That is essentially true.

When we look at anything related to employee relations, human resources, pensions, collective bargaining, we always liaise with the respective staff departments in Denver, on those matters, but the person signing the agreement here would have reported to the division general manager. Yes.

15 DR. DUPRE : And that was probably the relationship that was relevant and material once again, as distinct to whatever relationship he may or may not have had to the individual who is called the president and chief executive officer of Manville Canada?

THE WITNESS: Yes, yes.

20 DR. DUPRE: Okay. I think I'm finally getting it through my skull. I'm sorry I'm so...

THE WITNESS: Which could have been the same man.

25 DR. DUPRE: But basically in terms of the operations of the company, whether one is looking at the filing of tax returns and the making of collective bargaining agreements, the works, in general, the effective operating roles are determined by the relationship of an employee to the respective division general manager?

THE WITNESS: Correct.

30 This is the structural organization as we now have it, as Manville Corporation.

5 THE WITNESS: (cont'd.) Manville Corporation has assumed the role of what previously would have been Johns-Manville Corporation, and is essentially a holding corporation that is now being structured with a corporate staff, as you still see on the lefthand side of the chart, and a president, and then five separate corporate entities as operating subsidiaries of Manville Corporation.

10 They are no longer simple divisions or departments or groupings of divisions. They are legal entities and they have... each of those five boxes you see on the bottom there...has its own board of directors and is controlled by a senior vice-president of the corporation, and a board, all of which answer up through the president of the Manville Corporation to Manville Corporation itself, and all our wholly-owned subsidiaries as you see them in
15 that organization.

20 What has now happened or is happening is that the five corporations there own or manage various other subsidiary corporations in the United States, Canada and elsewhere in the world, and for the sake of simplicity we could say that Manville International Corporation manages or owns all the operations of Johns-Manville outside of the United States, which includes the general manufacturing and marketing operations here in Canada.

DR. DUPRE: Sorry. It includes which operations in Canada?

25 THE WITNESS: The manufacturing and marketing operations of what was the Canadian products division.

And Johns-Manville Corporation, over on the lefthand side of the chart, owns and operates, or operates, what essentially were or was the asbestos fiber division, in the world.

30 MR. LASKIN: Q. In the world?

THE WITNESS: A. Yes. And that includes Johns-

A. (cont'd.) Manville Canada.

Oh, just a minute. Maybe I said something wrong there.

Johns-Manville Corporation owns and manages, amongst a lot of other manufacturing operations, all the asbestos fiber or asbestos-related operations in the world.

Johns-Manville Canada operates and owns the mining of asbestos fiber here in Canada.

Q. Then do I take it, just to be clear, all of the asbestos operations in the world are in Johns-Manville Corporation?

A. Essentially correct.

Q. I take it, as I understood it, one of the purposes of this reorganization was to isolate all of the asbestos operations in one company?

A. I don't know if that was the main purpose of the reorganization, but that's effectively one of the results of it.

Q. I know I said main. I didn't intend main. But at least one of the purposes of the restructuring.

A. Yes.

DR. DUPRE: All of the asbestos operations. Not all of the asbestos mining operations, but all of the asbestos operations?

THE WITNESS: Including asbestos mining operations.

DR. DUPRE: I see.

MR. LASKIN: Everything to do with asbestos.

DR. DUPRE: Insofar as Manville Canada and the Manville International Corporation are concerned...I take it that Manville Canada performs the manufacturing and marketing operations of the old corporate products?

THE WITNESS: Of the old Canadian products division.

DR. DUPRE: The old Canadian products. Sorry, the old Canadian products division.

5 Now, of course, historically the Canadian products division was involved in manufacturing and marketing asbestos products?

THE WITNESS: Asbestos-cement products from the Scarborough location.

DR. DUPRE: Right.

10 THE WITNESS: Correct.

DR. DUPRE: But, of course, you have closed down that part of the operation?

15 THE WITNESS: That's right. So the Scarborough location is still operated by Manville Canada, because there are no asbestos...or because effectively there are no asbestos-related products manufactured or produced or mined or marketed from that location.

DR. UFFEN: Do you still own the mineral property in Ontario? And if you do, where would it now be located?

20 THE WITNESS: That would come under the assets, as far as I know, of Johns-Manville Canada Inc.

DR. DUPRE: And let me ask you this at this juncture: If at some particular point in time the company wished to go back into asbestos manufacturing, in Canada, or for that matter elsewhere, but let's stick with Canada, I take it from this organization chart that if that was the decision, an asbestos-manufacturing operation would be placed under J-M Canada and not under Manville Canada?

25 THE WITNESS: Probably, yes. If that were to happen, which in my opinion is quite unlikely.

30 DR. DUPRE: The reason I'm asking that question is to clearly understand the intent of this organization, and it is quite clearly to try to consolidate all asbestos-related operations...

THE WITNESS: That's a result.

5 DR. DUPRE: ...whether it's mining, manufacturing,
marketing, what have you?

THE WITNESS: That's a result of that reorganization.
There are a number of other reasons why it was done, but that
would be one of the results.

10 DR. UFFEN: Would it be fair to conclude, then,
that your position now as president of Manville Canada is very
largely due to your varied experience as a manager and your
original education preparation as a chemist has faded into the
background? Your mineral chemistry function would be over in
the other Johns-Manville Canada.

Have I got that straight?

15 THE WITNESS: Not exactly. It's a good observation,
but I think it's rather coincidental that my background was in
chemistry and I became involved in mineral chemicals, which were
not asbestos fiber related incidentally, and my involvement with
that within Johns-Manville Europe, where we operate a number of
diatomite and silica operations, led me into the international
20 field, and hence into other aspects of Johns-Manville Corporation,
and eventually into Manville Canada.

My background in building products and insulation
products in Europe is more pertinent to my current position than
my initial education or involvement with mineral chemicals.

25 DR. UFFEN: Now, as chief executive officer of
Manville Canada, you are on the board of directors of Manville
Canada?

THE WITNESS: Yes.

DR. UFFEN: Are you also on the board of directors
of Johns-Manville Canada?

30 THE WITNESS: No. If we may, the third chart
there will show the flow of board of directors and members of

THE WITNESS: (cont'd.) the directors of the various corporations.

5 As I mentioned earlier, the Manville Corporation on the left is the holding corporation of all the five operating corporations, of which Manville International Corporation is one of those operating subsidiaries, and Johns-Manville Corporation is another of those operating subsidiaries.

10 If you look down, you'll see the names actually there, of McKinney and Pundsack, who are chairman and president of Manville Corporation, also are chairman and president of Manville International Corporation, and also chairman and president of Johns-Manville Corporation.

15 Going down the center column of Manville International Corporation, one of those directors is myself, Cashman.

If you continue down to Manville Canada, you find that I am a director of Manville Canada, and then with me on the board of Manville Canada are four other people who are employees of Manville Canada, and Canadians.

20 If you go across to Johns-Manville Corporation, you will find that similar sort of relationship.

25 So there is a flow from Manville Canada, the president of Manville Canada, then as a vice-president of Manville International, and then the chairman and president of Manville International flow up through the chairman and president of Manville Corporation.

DR. UFFEN: Is that everybody, or is that a sample?

THE WITNESS: No, that is everybody.

DR. UFFEN: Just three directors of Johns-Manville Canada Incorporated?

30 THE WITNESS: To my knowledge. Yes.

MR. LASKIN: Q. Manville Canada Inc., is a wholly-

5 Q. (cont'd.) owned subsidiary of Manville International Corporation, which in turn is a wholly-owned subsidiary of the holding company, Manville Corporation?

THE WITNESS: A. Essentially, yes. I've used the word 'essentially', though, guardedly. To be very frank with you, I'm not quite sure of the current legal and tax status of precisely who owns what, today.

10 But in terms of responsibility for management of, the answer clearly is yes.

Q. And are the five companies, on the previous chart going across - such as Manville International Corporation - are they also holding companies for the operating subsidiaries, or are they operating companies themselves?

15 A. In certain cases, they are operating companies themselves - very specifically, Manville Forest Products Corporation, Manville Products Corporation and the Building Products Corporation - because they essentially operate only within the United States. Manville Forest Products does have an operation in Brazil, but I think that's about all.

20 Whereas Manville International Corporation does trade in the United States, it is an operating corporation, but does have many more subsidiaries and therefore is more of a holding company than the other structures.

25 All what used to be the...what are now the Manville de France, Manville Italiana, Manville Ireland, and all the rest of it, all flow up through the Manville International Corporation.

Q. Just one question on asbestos, just so I'm sure I understood your last answer. Even the asbestos operations in the United States are in Johns-Manville Corporation?

30 A. Correct.

DR. DUPRE: So I take it from that, that Manville

DR. DUPRE: (cont'd.) Building Products Corporation
would not be engaged in the manufacturing or marketing of asbestos-
5 containing building products?

THE WITNESS: I'm not sure that I can answer that
accurately. I am pretty sure in saying that they would not be
involved in the manufacturing of, but they certainly could be
involved in the marketing of, through an arrangement between
10 Manville Building Products Corporation and Johns-Manville
Corporation.

One company could be manufacturing and the other
could be doing the marketing or selling of the products.

In the specific instance you have asked, I actually
can't remember whether it is or not, but it's very likely it could
15 be and there is absolutely nothing to stop it being set up that way.

Theoretically, there is nothing to stop us, as
Manville Canada, buying asbestos-cement products from Johns-
Manville Corporation and reselling them in Canada.

DR. DUPRE: Oh, I see. So then I...

THE WITNESS: I don't think we do it, but there
20 would be nothing legally to stop us doing it.

DR. DUPRE: So it is, then, possible for any one of
the three...four entities to the right of J-M corporation to become
involved at least in the marketing of an asbestos product...

THE WITNESS: It would certainly be possible.

DR. DUPRE: ...if not its manufacturing.

THE WITNESS: That's right. It would be possible.

DR. DUPRE: But where manufacturing is concerned,
I can take it as...

THE WITNESS: You can assume that it would be under
Johns-Manville Corporation. Correct.

DR. DUPRE: That it would be under Johns-Manville.

THE WITNESS: Yes.

5 DR. DUPRE: Now at this point, I guess, I'm also looking at a situation where you have the old General Motors model type potential of competition among divisions?

THE WITNESS: Yes.

10 DR. DUPRE: To the extent that a Manville Building Products Corporation manufactured an increasing range of building products that used asbestos substitutes, then it would be in competition with asbestos-containing products?

THE WITNESS: Yes, that could happen. The five corporations, as you see them there, and their various subsidiaries, are essentially set up on an arms-length basis with each other, and are certainly free to trade with each other and they are free to trade outside of each other.

15 DR. UFFEN: Could we go back to the later chart which has the Canadian people, just so I can make sure I've got it straight?

In Manville Canada, you are both chairman of the board and president?

20 THE WITNESS: Yes, I am.

DR. UFFEN: Now, those other directors, do they hold a couple of hats? Like, would one of them be vice-chairman of the board?

THE WITNESS: No.

DR. UFFEN: You don't have one?

25 THE WITNESS: No, we don't have one.

DR. UFFEN: Would one of them...would they hold any other hat than being a member of the board?

30 THE WITNESS: Yes. The...Bruce Machin is, as well as a member of the board, is vice-president of production, or manufacturing; J. Small is a member of the board and would be vice-president, marketing, of the pipe operation that we have in Canada, the PVC pipe operation; Grant King is secretary or

THE WITNESS: (cont'd.) treasurer, I can't remember... secretary? Excuse me. He is also the financial controller of the company on an operational basis.

Mr. Buckland is a board member and is the department manager of holophane, in Canada.

DR. DUPRE: Oh, that is where...

THE WITNESS: That's where the department of holophane fits in, yes. That's right.

DR. UFFEN: But none of those directors hold an operating role in the parent company?

THE WITNESS: No, sir.

DR. UFFEN: Is that also true for the three in Johns-Manville Canada Corporation?

THE WITNESS: Yes. None of the directors except myself, in the case of Manville Canada, except for the case of Mr. Powers in Johns-Manville Canada. That's correct.

So the only common operating or management role between Manville Canada and Manville International is myself, and then the common operation between Manville International and Manville Corp., would be the president and chairman...oh, yes, and in Johns-Manville Canada would be Powers going into Johns-Manville Corp., and in Manville International Corp., the relation to Manville Corporation would be McKinney and Pundsack, as outlined there.

DR. DUPRE: Now, I think we have established that in the old days the individual who was the president and chief executive officer in Canada basically had a paper title, his reporting relationship and his general operations were determined by the status he had as a division general manager.

Now, is that a generalization that can also be applied to the current situation?

THE WITNESS: I think it would be fair to still

THE WITNESS: (cont'd.) apply that.

DR. DUPRE: So does that mean that in effect your
own reporting relationships are determined by a position you hold
as a...

THE WITNESS: Division general manager.

DR. DUPRE: Or still as a division general manager?

THE WITNESS: Yes.

That is, certainly, I think, a truism today. As
the reorganization that was put into place last year takes roots
and matures, it was essentially put there on the concept of asset
management rather than a very broad inter-relationship management.

The intent, I believe, would be to make the position
of the operating subsidiaries more of an independent, less-
centralized control than they hitherto were, so the position of...
it's conceivable the position of president of Manville Canada
Inc., could assume more than nominally it does today.

But the answer to your question is, yes, the position
is really designated by the position of division general manager
in terms of its operation.

DR. DUPRE: So you could be said to be division
general manager of the Canadian products division?

THE WITNESS: Yes, you could still say that. I
could also be considered to be division general manager of
Manville Canada Inc., because that's largely what is the Canadian
products division.

There are still one or two little entities that
aren't the Canadian products division, but I think that might
change in the future.

DR. UFFEN: In the Canadian structure, say Manville
Canada, yours, are there shares totally owned by the parent
company?

THE WITNESS: Yes.

DR. UFFEN: Who would be designated as the shareholder? One of those officers of Manville International?

THE WITNESS: That's why it gets, actually currently gets a little bit complicated as to who owns the shares. We are in the process of reorganizing all these companies, but the intent certainly would be for the shares of Manville Canada to eventually be held by Manville International Corporation, and then the shares of Manville International Corporation would be held in turn by Manville Corporation.

DR. UFFEN: Have you had an annual meeting of your shareholders yet?

THE WITNESS: No.

DR. UFFEN: Are you planning one? You've got one once a year, eh?

THE WITNESS: Sure, I understand that.

DR. UFFEN: It will be interesting to see who shows up then, as shareholders.

THE WITNESS: That's right.

DR. UFFEN: I think I understand the organization.

DR. DUPRE: I'm a little slower than my colleagues, and I've got to ask one or two more questions.

Okay. We've established at this point that there is considerable relevance to thinking of your position as that of division general manager for Manville Canada or Canadian products.

THE WITNESS: Yes.

DR. DUPRE: Now, on the old chart, as I recall it, the division general manager for CPD was under somebody who was called the senior vice-president international?

THE WITNESS: Correct.

DR. DUPRE: Now, where is he now? I mean, I don't see him on this chart.

5 THE WITNESS: Yes. He is there as a senior vice-president. He is one of the senior vice-presidents, one of five senior vice-presidents, and he would be senior vice-president of Manville International Corporation.

DR. DUPRE: Okay.

10 THE WITNESS: So in that respect, the structural or the reporting relationship between the division general manager and the senior vice-president has not essentially changed.

15 DR. DUPRE: Okay. And basically, at this point, neither have some of the other things, so that, for example, your senior vice-president for health, safety and environment, in terms of the operation, winds up rattling down along the lines of taking chairman of the board, and then back down to president, and then senior vice-president international...

THE WITNESS: Yes.

DR. DUPRE: ...and then down to the division general manager, and the same would be true...

20 THE WITNESS: That's essentially correct, although any of the corporate services on the lefthand side, be it finance, legal or health, safety and environment, etc., in practice do not have to follow through that chain of command, have the direct right to enter into any discussions directly or indirectly with any of the subsidiary corporations. It doesn't have to go up through the chairman of the board, down through the president, through the senior vice-president, etc.

25 DR. DUPRE: And presumably, that includes them all - finance, legal, employee relations...

THE WITNESS: True.

DR. DUPRE: ...corporate relations?

THE WITNESS: That's correct.

30 MR. LASKIN: Q. Is the position senior vice-president of health, safety and environment a position that is presently occupied?

THE WITNESS: A. Yes, it must be, but I can't remember...Tom, I'm sorry, can you answer that question for me?
5 Since Kotin has actually retired...?

MR. PATERSON: No, a replacement hasn't been appointed yet for Kotin. He is still serving the corporation as a consultant and performing those duties.

THE WITNESS: Yes.

MR. LASKIN: Q. I guess really what is behind my
10 question, I suppose, is that it seemed that Dr. Kotin had a certain stature within the medical and scientific community, and I suppose in some respects your corporation may have considered itself fortunate to have obtained him at the time it did, and perhaps by reason of his stature had a position as senior within
15 the structure that you did, and I'm just wondering in the post-Dr. Kotin era if there isn't a person of his...

THE WITNESS: A. Whether that position will be...

Q. Will remain within its seniority within the hierarchy?

A. I could only give an opinion about that, in
20 fact, and I would very strongly think it would. But I would be very surprised if it was moved from that very high position reporting to the chairman of the board.

DR. UFFEN: Would it be safe to say it needn't necessarily be a medical person? It could still occupy that position in the structure...

THE WITNESS: That would be true.

DR. UFFEN: ...and the individual could have medical expertise available to him?

THE WITNESS: That's correct.

MR. LASKIN: Is that...I didn't mean to interrupt
30 you or cut you off...have you essentially completed your description of the pre-1980 and post-1980 organization?

THE WITNESS: A. I believe so, yes. It is, perhaps, fairly complicated to understand when you've been living with it for a long time.

Q. Can you...appreciating the position of senior vice-president of health, safety and environment...can you give us any idea, and focus on the Canadian operation if you wish, any idea of what other medical officers or medical personnel one might find within the organization? Or occupational health personnel? I don't intend to be so limited.

A. We have here in Canada...there would be two engineers, if you wish, who would be working on health, safety and environment...one is a hygienist and one would be an environmental control engineer...who would report not through the division general manager, but in fact directly through the health, safety and environment department.

Their function is one of control and audit, and again I'm sure Bruce Machin can go into very significant detail of that next week.

Then within the division, or within Manville Canada, each of our main manufacturing locations - Montreal, Toronto and Innisfail, Alberta, which also controls Fort Saskatchewan, Alberta, plant, there is a plant nurse..it's actually a full-time job...and at all locations there would be a medical practitioner who is affiliated with us on a consultancy basis to a greater or lesser extent, who is called upon to advise or check ...

Q. He or she would be in private practice and would be retained by whatever operating arm is found in whatever locale?

A. Yes, that's true.

DR. UFFEN: Would you be able to give us the organizational charts as they are now, for both Manville Canada

DR. UFFEN: (cont'd.) and Johns-Manville Canada?

5 THE WITNESS: Yes, certainly. I'm sorry I don't have them with me, but they would be freely available to the Commission.

DR. UFFEN: I think I would understand it a little quicker, where such people would fit in, if I had a...would you be able to put a block diagram of your own on the board for us?

10 THE WITNESS: Oh, I think so.

(REPORTER'S NOTE: At this time the witness produces the requested diagram.)

15 THE WITNESS: That's essentially the broad structure, basically the lot....and I hope you can read my writing...that's the division general manager or the president of Manville Canada, myself.

20 This fellow here is marketing manager of special products, and these are a whole bunch of ancillary products that we either are looking at selling or are already selling, that are probably not made in Canada, but they are importing them from some of our other subsidiaries or, associated companies I should say.

25 Over on the far left, the title is vice-president of production, and he has the responsibility for all the manufacturing operations that Manville Canada has in Canada, and that is a manufacturing location in Montreal where we essentially produce fiber glass home insulation, industrial and commercial pipe insulation, also some fiber glass and PVC pressure water pipe and sewer pipe.

30 In Toronto, Scarborough, we now manufacture calcium silicate and high temperature insulation, industrial and commercial insulation, and Innisfail, Alberta, we manufacture fiber glass home insulation, and in Fort Saskatchewan - just

THE WITNESS: (cont'd.) outside Edmonton, we manufacture PVC pressure, water and sewer pipe.

There is a small staff function reporting to him, as well as the plant managers in their various locations.

The position here of general marketing manager, pipe - this position holds the marketing and sales responsibility of all our sales and marketing of PVC pressure and water pipe throughout Canada.

The position of general marketing manager, insulations holds the responsibility for the sales and marketing of all our insulation products in Canada now, whether they be home insulation, high-temperature insulation, industrial or commercial insulation, produced largely within Canada. We do import some specialities that if they fall within that insulation field would come in here, rather than here.

These special products are more likely to be speciality - the fiber glass reinforcing materials - rather than insulation materials.

Manager of finance is the financial controller and the functions that he performs with his staff.

These two positions here under them have a marketing staff department. They also have the sales managers, which are regional sales managers of western Canada and eastern Canada, and in some places central Canada, and the salesmen reporting up through these two situations.

There is also contracting, small contracting department, that now falls within this situation here.

Then we have manager of employee relations and marketing services. That function is largely an administrative function of salary records, salary levels, administering the company cars for salesmen, etc., etc.

Responsibility for collective bargaining would be

5 THE WITNESS: (cont'd.) over here in the general manager of production, with a consulting dotted line arrangement I mentioned previously, down to Colorado...as would any changes be in any other employee relations here.

We will be pleased to provide the full set of charts to you.

10 DR. DUPRE: The plant managers for the Montreal, Toronto, Fort Saskatchewan plants are under the vice-president or general manager...

THE WITNESS: General production manager or vice-president, production. Correct.

15 DR. DUPRE: As these people relate to you as the division general manager, you would think them as general manager, production, for example?

THE WITNESS: Division manager, production. Yes. Or general production manager for Canada. That's quite correct.

20 MR. LASKIN: Q. In terms of the company's asbestos operations in Canada, do I take it that what is left is the mining operation in Quebec?

THE WITNESS: A. Yes.

Q. And there is no manufacturing of asbestos products in Canada?

A. No.

25 Q. Mr. Cashman, I think one of the things that we are interested in finding out is the kind of communications, if any, in the area of occupational health and safety, that may emanate from the United States to your operating arms here in Canada, and the kinds of information on occupational health and safety that you may get.

30 A. How my...there are a number of ways that this can happen. If a ruling is made within the company that we will operate within certain guidelines in terms of occupational health

5 A. (cont'd.) and safety, it would probably come out, but not necessarily, as a president or chairman or executive bulletins...from the corporate headquarters in Denver.

That being the case, it is then automatically disseminated throughout the whole organization and becomes a rule or a law internally, if you wish, to work by.

10 There are other bulletins which are for information and guidance, which may come directly from the office of health, safety and occupation, environment office within the corporation. These may relate to advice on the relationship between smoking and health, or smoking and dusty environment, etc.

15 I do have some examples of these sort of bulletins, notices, here. We could obtain more for you, if you so desire.

Q. Could you show us what you brought with you?

A. I will try and get a good cross-section of them.

20 This would be an information sheet on asbestos facts, which is for public dissemination...the same as we would have a bulletin from the health, safety and environment department updating people within the corporation and outside of the corporation on the effects of products such as asbestos.

25 Then there would be bulletins such as these - the Health Concerns Related to Asbestos Products, which would be internal bulletins from the health, safety and environment department of the corporation.

The other chairman of the board's bulletin or executive bulletin, for instance the asbestos policy of Johns-Manville Corporation as updated in April, 1980, would come from the chairman of the board and go within the corporate or company systems of the company.

30 The last one that comes to mind would be a letter, for instance from the chairman of the board, to all Johns-Manville

5 A. (cont'd.) or Manville employees, discussing the effect of smoking, for instance.

We can also supply further examples of these bulletins, should you so wish.

10 I think within all these executive bulletins, as such, would go the set of systems books that the corporation operates essentially throughout the world, which amount now to some sixteen volumes of books, which cover exactly how you should operate in the corporation from answering a telephone to writing a letter, to how you should respond if there is an accident or a problem.

15 As well as that there is a Manual of Standard Practices, and again, these bulletins would go in those manuals of standard practices, and these manuals and systems are audited and updated on a very regular basis.

20 MR. LASKIN: I'll arrange to obtain copies and to distribute them, and I suppose to keep our exhibit numbers straight...Tom, I assume that you will provide us with photocopies of the productions that you have demonstrated?

MR. PATERSON: Right.

MR. LASKIN: So why don't we collectively call those productions our next exhibit, which is sixty-four, Linda, and then these bulletins we will call exhibit sixty-five, so we know what we are doing.

25 EXHIBIT # 64: The abovementioned documents were then produced and marked.

EXHIBIT # 65: The abovementioned documents were then produced and marked.

30 MR. LASKIN: Q. Who do they go to? I mean, let's take the bulletins that emanate out of health, safety and

Q. (cont'd.) environment...which I take it ultimately emanate from Dr. Kotin, or did emanate from Dr. Kotin.

5 THE WITNESS: A. They would go to all plant managers, persons responsible for monitoring health, safety and environment on either an audit basis or internally in the plant...

Q. On the management side?

A. Yes.

Q. All right.

10 A. And they would go to the division production manager, I would certainly get one, one would go into our file in central records, and the plant managers would also get one.

Q. Would one go to the joint health and safety committee within a particular plant here in Ontario, under the Occupational Health and Safety Act?

15 A. I don't know the answer to that question, but I'm sure Mr. Machin, next week, will be able to answer that clearly.

Q. Would they go directly to employees?

A. Not necessarily.

20 DR. DUPRE: By the way, is Mr. Machin's position in one of those boxes?

THE WITNESS: Yes. He is vice-president, production - on the righthand side.

MR. LASKIN: Q. How often do the bulletins emanating from health, safety and environment come out? With some regularity or cycles, respectively?

25 THE WITNESS: A. No. Not to my knowledge.

DR. DUPRE: I'm sorry. Since you put this in front of me, I have a question that just comes to mind. I just noticed that this document, which is called a chairman of the board's bulletin, has Johns-Manville.

30 THE WITNESS: Yes.

DR. DUPRE: Now, I'm trying to remember your chart.

THE WITNESS: I think the problem there, with respect, is that I believe you are looking at something that was written in April, 1980.

MR. LASKIN: In 1980.

DR. DUPRE: In April? Okay. So that explains it all. Good. Okay. That's all I needed. Thank you very much.

MR. LASKIN: Q. Is there, by the way, with respect to that particular bulletin, which is I take it, Johns-Manville's then present policy on asbestos, is there an updated policy on asbestos...

THE WITNESS: A. Since that has been written?

Q. Since that bulletin?

A. Not to my knowledge.

Q. So that notwithstanding the restructuring and reorganization, that bulletin, April, 1980, remains the company's policy on asbestos?

A. Until such time as it may be superceded by another one. But to my knowledge, that hasn't occurred.

Q. During the time that you have been in the position you now occupy in Toronto, in Canada, apart from the bulletins that you might receive from health, safety and environment, have you had any direct contact of any nature? I mean, by way of discussion of any health issues or seminars or education on any health issues?

A. Myself personally?

Q. Or your senior staff or your vice-presidents?

A. I'll have to answer that in two phases. There is an ongoing relationship, or preoccupation if you wish, with any matter related to health, safety and environment within the corporation, and as we control this with audits internally, the results of these audits come to me and they come to the general production manager, and the plant managers, and if they are...

5 A. (cont'd.) obviously we read these and if there are areas of concern in any area, and these could even be noise pollution problems that we may have, we will discuss these and decide what we are going to try and do about them.

The other aspect is the general health and safety of the employees and their medical examinations, and that is an ongoing program also.

10 I have not gone to any outside courses or instruction in terms of health, safety or environment myself. But others within the corporation division have done so.

15 Q. Just dealing, stepping back a stage and just dealing with Dr. Kotin's position or his prior position, can you help us on whether that is essentially an advisory position, or is there any decision-making power associated with that, or was there any decision-making power associated with that position within the corporation?

I'm just trying to get some sense of...

20 A. Yes. In his position of senior vice-president for health, safety and environment, and reporting directly through the vice-chairman up to the chairman of the board, he was...he joined the company to pull together a whole department of health, safety and environment, and to co-ordinate it and make sure it was functioning correctly, and also as an advisor. But very shortly after he joined, he was promoted to senior vice-president of
25 health, safety and environment, and in that position he, for practical purposes, really had the right to close down an operation if he felt that it was unsafe and could not be corrected, as far as the working environment of anybody was concerned.

30 I imagine that if you looked at the structure to do that, he might have, if nobody agreed with him, had to have gone up to the...perhaps the chairman of the board to go through

A. (cont'd.) and do so.

5 To my knowledge, this never happened. When he recommended something should be changed or modified, or money spent on environmental matters, that was done so by the operating vice-president.

Q. Are there any instances where he exercised the practical power you suggest, to close down an operation for health reasons?

10 A. Yes, I believe there have been instances where he recommended that such action should be taken, and it was taken.

Q. Can you be specific?

A. Not in Canada.

Q. Not in Canada?

15 A. Not to my knowledge.

Q. Can you be specific about any particular example?

20 A. I believe, and therefore it's not necessarily that specific, but I believe we closed down a talc operation in the western part of the United States, pretty well as a direct result of Dr. Kotin's appraisal of the environment and the dust environment which existed at that operation.

There may be other examples that I'm not aware of.

Q. Is there any contact between these company-retained physicians that you have in Canada, and the internal health, safety and environment department?

25 A. Oh, yes.

Q. There is?

A. Yes, there is.

Q. How does that take place?

30 A. Generally directly...through the health, safety and environment office in Denver, and the local positions if there is a problem...as far as I know.

5 A. (cont'd.) Or it could go through the hygienist if it was a problem relating to environmental hygiene, or through the nurse. In each of our manufacturing locations, the nurse is an employee of Manville Canada.

There is as free a flow of information as one could imagine.

10 Q. Is there any internal research that goes on on health matters, on occupational health matters, out of presumably health, safety and environment, or is there any funding of external research bodies to pursue any specific matters?

15 A. I think it would...to answer that clearly and correctly, I would be happy if you addressed that to Dr. Kotin, because I don't think that has happened in Canada, but I would imagine it probably has elsewhere. He would certainly know the details of that.

20 Q. One other subject I would like to pursue with you for just a moment, is the kinds of regulatory regimes that your company operates under, and I wonder, without being specific, I wonder if you can give us an overview of the extent of your asbestos operations throughout the world today, as compared to ten years ago? Can you give us the broad picture of what we are looking at?

A. In size, or where we are operating?

Q. Size, where you are operating?

25 A. I don't know if I can. It's clearly very, very, very significantly smaller than it was five or ten years ago, in terms of sales and constant dollars, if you want to put it that way, or in physical volume units, either in the production of asbestos fiber or in the manufacturing and sales of asbestos-containing products.

30 One of the big users of asbestos-containing products is obviously asbestos-cement pipe, throughout the world. The other

5 A. (cont'd.) large user is asbestos-cement sheeting for building products. As the sales and production of asbestos-cement pipe have declined radically in the last five, six years, both here and in the United States, and elsewhere in the world, very much in Europe, that has been a significant reduction in the amount of asbestos fiber being produced and sold anywhere in the world.

10 As far as I know, the only producer of asbestos-cement pipe left in Canada, is a wholly-owned subsidiary of National D'Amiante in Quebec, which is a provincially-owned corporation.

But to put a number on the reduction of world sales, I don't know that. But that information would be available.

15 DR. DUPRE: Is it the availability of a substitute material that accounts for this decline in A-C pipe sales?

THE WITNESS: The availability of a substitute product, I think, is the main reason for the decline in A-C pipe sales, not the availability of a substitute for asbestos fiber within the cement.

20 Virtually all...but not all...but virtually all the decline in asbestos-cement pipe production and sales has been replaced by polyvinyl chloride pipe production and sales, so you have a change from asbestos-cement over to plastic, rather than inherent replacement of asbestos fiber within the cement product.

25 It's an easier pipe to work with, probably a better pipe.

DR. DUPRE: It's performance and cost characteristics that have...

THE WITNESS: Yes.

30 DR. DUPRE: ...enabled the plastic pipe to take over the market?

THE WITNESS: In my opinion, yes.

MR. LASKIN: Q. Can you give us any other comparisons with your other asbestos products?

THE WITNESS: A. I would think that's probably the biggest single change in volume of asbestos products as far as we as a corporation are concerned.

There is a general tendency away from asbestos fiber in some of its other uses in caulking compounds and perhaps in certain texture paints, for environmental reasons. A small manufacturer would have a hard time complying with some of the regulations that are ongoing, of course.

But I would think the biggest volume change would have been in asbestos cement. If you discount the world decline in construction and all the other nasty things that are happening, that probably would be the biggest quantifier for change, is the pipe.

Q. Are you involved in asbestos-textile products?

A. The corporation, I believe, still is involved with a manufacturing location of textile products in Kingsley Falls, Quebec. But I would have to verify that, because I'm not really sure of the exact involvement at this stage. But we could certainly find that out and make that information available.

In terms of the use of asbestos fiber, it's a very small use of tonnage of asbestos fiber.

Q. And brake linings?

A. The corporation is no longer involved in the production of brake linings. We went out of that business quite some time ago.

Brake linings as produced, or brake pads as produced, generally will still use asbestos fiber.

Q. So that your reason for going out of that had nothing to do with the availability of a substitute product?

A. No.

Q. Okay. And insulation products?

A. None of our insulation products, to my knowledge, contain any asbestos fiber.

Q. Okay. So that when you strip it all aside, is essentially the main asbestos product you are still involved with pipe?

A. Pipe and asbestos-cement sheeting and exterior building products, that are manufactured either in the United States, they are manufactured in Belgium, and I think that is probably the only two places where we as Manville Corporation or Johns-Manville Corporation manufacture asbestos. But there may be some I'm missing, but I can't recall them. I think that's the case.

Q. Just following on from that, the issue I would like to get some idea of your company's position on is what kind of approach it takes to compliance with regulatory standards in situations where different jurisdictions will have different regulatory guidelines or standards for essentially the same product of the same substance, whatever it may be, and I suppose one question is, if you are operating in two or more jurisdictions and one of those jurisdictions has a more stringent standard than the other, a more difficult standard to meet - which I assume you then try to meet in the jurisdiction in which you are operating - do the control measures you use in that jurisdiction in your attempt to meet that stringent standard get passed on in any way to another jurisdiction where the standard may be laxer?

A. If I interpret your question correctly, it would be as an example, if we were operating in the United States and England and France, and there was a certain dust level lower in the United States, than for instance a laxer one in Spain, which law would we apply in our own plant. Is that a rough example?

Q. Roughly.

5 A. In that case, we would impose our own American regulations on the Spanish manufacturing location, if the Spanish either did not have such a stringent regulation, or perhaps none at all. Conversely, if we found ourselves operating or wishing to operate in a country that had a tighter standard than the United States jurisdiction, we would clearly comply with the local law, and if we couldn't comply with it, we wouldn't operate. 10 Unless there was some temporary quirk or misinterpretation of the law, if the law said that we had to comply with a certain dust count in diatomaceous silica in France, then we would comply with it.

15 DR. DUPRE: Let me see if I understand the practice that you have described.

If Spain has a tighter standard than America...

THE WITNESS: Yes.

20 DR. DUPRE: ...you will observe the tighter standard in Spain, but continue to meet the American standard in America?

THE WITNESS: Yes.

25 DR. DUPRE: On the other hand, if Spain has a laxer standard than America, you will nonetheless observe the more stringent American standard in Spain?

THE WITNESS: Correct.

30 And as an observation, I can't think of anywhere we are operating under tighter standards than we are operating anywhere else, so change the subject.

DR. DUPRE: I'm sorry. I didn't quite follow that.

THE WITNESS: I can't think of anywhere geographically, to my knowledge, where we are operating under standards that are tighter than those under which we are operating in the United States.

5 DR. DUPRE: Oh, I see. In other words, what you are telling me is that from your knowledge at the moment, of international...well, the international scene in terms of regulations with respect to hazardous substances, the American standard at the moment is as tight as any you find in any other jurisdiction?

10 THE WITNESS: Where we are operating, yes. I guess Sweden would be an example of that, but we don't happen to operate in Sweden.

MR. LASKIN: Unlikely to attempt to, I would expect.

MR. LASKIN: Q. Are you presently operating, to your knowledge, in any jurisdictions where there are no standards, there are no guidelines? Let's take asbestos first.

15 THE WITNESS: A. I don't know. I mean the simple answer is, not to my knowledge, but I don't know that I'm qualified to answer that question.

Q. Are you qualified to answer it with respect to any of the other substances that you use within the company?

20 A. No, I don't know whether I'm qualified. I can certainly pass an opinion on diatomaceous silica, and I am not aware of any regulations governing the manufacturing of or handling diatomaceous silica in Spain or Mexico. There may be, but I'm suggesting there may not be.

In both of those countries we do operate, and to my knowledge we operate within the United States guidelines.

25 Q. I take it you at least have some familiarity with or knowledge of the products liability litigation that is going on in the United States against your company, and am I correct that the Canadian operation, the Canadian company, either presumably in its pre-1980 state, is a defendant in a number of those lawsuits, or do you know?

30 A. I don't know. I don't know if it is. I really

A. (cont'd.) don't know the answer to your question.

5 Q. Are there any product liability actions in this country, instituted in this country, against any of the Canadian operations, of which you are aware?

A. Not to my knowledge.

Q. Have there been, since the time you have been there?

10 A. Again, not to my knowledge. Not to my knowledge.

Q. Okay. There is in the form 10 K report, filed in the United States, some brief reference to some insurance litigation here in this country. Can you help us on what that is about?

15 A. Not really, no, because I am not involved in that litigation at all. I am assuming it's a Johns-Manville Corporation litigation with insurance companies here, or maybe it's Johns-Manville Canada litigation. I am certainly not involved with it.

I am aware that there are one or two cases.

20 Q. Can you help us as to what the issue or issues are in those lawsuits?

A. No. I can guess, if the Commission is prepared to take a...

Q. To take an educated guess?

25 A. ...a guess, I would think that it's probably an issue as to whether insurance was held by the corporation on product liability at time of exposure to a product, or at time of discovery of a disease which may or may not be related to the product, and clearly an insurance company can argue some interesting academic arguments as to when you actually have the insurance coverage. It's a very complicated issue when you have
30 people who may appear to suffer from a disease that they may have

5 A. (cont'd.) contracted in some way or another, perhaps twenty, twenty-five, thirty years beforehand. Corporations change insurance companies. They certainly change their insurance coverage. They might even change their insurance advisors over a period of time.

10 Q. Fair enough. I take it underlying that litigation, I assume that litigation must have arisen because underlying it was some claim that was asserted against your company for some potential liability?

A. In Canada, or as a corporation?

Q. I don't know, but it strikes me logically that you wouldn't have insurance litigation over coverage unless there was something to be covered, some claim to be covered?

15 A. Well, there is very substantial litigation against Johns-Manville Corporation in the United States.

Q. All right. But as I understand it, this is the Canadian arm, that's what I'm getting at.

20 A. I don't know whether the litigation is between the Corporation and the Canadian insurance companies, or Johns-Manville Canada and the Canadian insurance companies. Where the insurance was placed and on what basis it was placed, I don't know. I don't know the answer to that question.

25 Clearly there is litigation, but whether it involves litigation against the corporation in Canada, and thus that is why there is litigation against the insurance companies, I don't know the answer to that.

Q. Is there someone who can give us the information on that subject?

A. We could certainly find out the information on that and have that made available to you.

30 Q. I would be grateful if you or someone in your organization could do that, Mr. Cashman.

A. Yes.

MR. LASKIN: I'm not sure I have any more questions,
5 Mr. Chairman.

DR. DUPRE: Let me see if I can understand about
one thing about the insurance litigation that you referred to,
because it's in the American SEC form, and I'm grateful that you
will try to provide us with the information, but just now to see
if I've learned my lesson in terms of your corporation organization,
10 is it about as likely that when we find the information we will
find that it is litigation between an insurance company and
Johns-Manville Canada Incorporated, as it is that it will turn
out to be litigation between insurance companies and the Manville...

THE WITNESS: Manville Canada.

DR. DUPRE: ...Canada, of which you are president?

15 THE WITNESS: No, I would be very surprised if
it turned out to be litigation between Manville Canada and an
insurance company. There doesn't seem to be any reason for that
to be the case.

20 You will find it will either be Johns-Manville
Canada or Johns-Manville Corporation would be the two involved.

DR. DUPRE: All right.

MR. LASKIN: Q. I'm just looking at page twenty-
eight of the form 10 K report, which has the sentence,

25 "J-M is also in litigation in Canada with one
of its primary carriers, concerning coverage
of its Canadian entities".

THE WITNESS: A. We will find out the details
of what that is.

DR. DUPRE: Dr. Uffen?

30 DR. UFFEN: Well, if I could go back to your
organization chart for a minute, where would the personnel records
be kept? Would they come under a manager employee relations?

THE WITNESS: Personnel records is...

DR. UFFEN: Of your employees, your Canadian employees in your corporation.

THE WITNESS: The personnel records for...yes, would come under the...in terms of salaried people would come under the manager employee relations. Any personnel records relating to the production operations would be held within the individual production locations.

DR. UFFEN: The epidemiologists are always trying to track people down, it's the nature of the subject, and we heard a lot of evidence on that. Where would the employee records be of the people that were employed in Ontario before...where would they be now for people that were employed before the reorganization took place?

THE WITNESS: They would be essentially where they were before reorganization took place, and if they related to people working in production locations, that's still where they would be. If they related to people working for Canadian products division here in Ontario, they would be in Manville Canada here in Ontario, and ditto for Quebec.

DR. UFFEN: Well, it's a fact that the asbestos workers in particular, their records would still be in the plant even if the plant is not now engaged in asbestos manufacture or use?

THE WITNESS: Yes.

DR. UFFEN: Thank you.

DR. DUPRE: Perhaps this is an appropriate time to rise until quarter past.

THE WITNESS: Thank you.

THE INQUIRY RECESSED

THE INQUIRY RESUMED

5 DR. DUPRE: Shall we resume?

Counsel, I understand you have a few more questions. I was wondering if you would allow me to interject with a few at this point.

10 I think, Mr. Cashman, I have, thanks to you, gotten to grasp your organization chart. But over lunch it struck me that I need perhaps a little bit more understanding to help me grasp how it all works.

15 Let me put the following to you: Let's say that, for example, in one of your plants if a government inspector were to come around and he were to say to the plant manager, okay, we think that your hygienists should take air measurements on three or four times as often as they do. Now, at this point in terms of the decision that needs to be made to comply with this, and it could be a request as far as I'm concerned, for the sake of the argument, as easily as an order, does the plant manager refer this matter up to the V-P production, or would he instead refer 20 this matter to somebody from the HS and E division that goes back to headquarters?

25 THE WITNESS: I think in the instance of the example you have used, what would happen in practice is that both would happen simultaneously, whilst one was waiting for a reply by our own inhouse expertise in the health, safety and environment. If there was any doubt, I think...and you can ask the question again to Mr. Machin next week...but if there was any doubt in our mind that we were not doing the right thing but the request or demand was in any way justified or substantiated, we would comply with that request or demand as best we could 30 with the given equipment that we might have at the time, and until such time as some further directive or expertise or opinion

THE WITNESS: (cont'd.) were to come back down.

Clearly, if it's a directive, it's a directive -
5 there is no question about that. We might dispute it at a later date as to the reasoning behind it, but I think both would occur.

DR. DUPRE: Now, let's take a second. Let's take the example of a situation where the decision that was required was for an item of capital expenditure - say to install a new ventilating system, and let's say for the sake of the argument that
10 this is being done or contemplated for health and safety reasons.

In terms of making the decision to proceed with the capital expenditure, would that have been sent in to the headquarters simultaneously through you as the last link in the Canadian chain of command, and then through the HS and E side of the division for...
15

THE WITNESS: I think in the case of a requirement for capital expenditure for environmental control, what would in fact happen in practice is that again the HS and E would be aware of that problem before the request for expenditure of capital were to be processed, because there's always the time delay whilst you work out what you need to do mechanically and from an engineering aspect.
20

Then the request or the recommendation to spend that money would come from within the division, because clearly that...

DR. DUPRE: From the health and safety division or your division?
25

THE WITNESS: No, my division, as we now operate, because clearly that comes within a business decision - can you afford to correct the problem or do you shut it down.

Now, if the cost of correcting a problem is
30 reasonably justifiable financially, then that's a recommendation from within the division, depending on the capital expenditure

5 THE WITNESS: (cont'd.) required, as to whether
it has to go up further for capital approval. It's conceivable
that there might be a very localized dust problem on a packaging
line of some particular powder, for instance, that could be, once
it was identified and a recommendation made to correct it, perhaps
we could correct it for, I don't know, perhaps forty thousand
dollars. Then we don't even have to go up the line at all for
10 approval, because that's certainly within my approval authority to
spend that amount of money, and that would be a simple business
decision to spend it.

15 But the health, safety and environment department
within the corporation would certainly be aware of the problem,
they would certainly be aware of the timetable to correct the
problem, and if we decided that we couldn't afford to correct it,
it would be within their power to issue a particular time as to
when that operation should be shut down, if we hadn't made that
decision ourselves already.

20 But certainly, Dr. Kotin's department or that
department as it exists, does have a very strong power of veto
as to whether an operation is run or not...If there is any
question of it being run outside of the environmental guidelines
as laid down locally or by the corporation.

25 DR. DUPRE: I take it, though, from what you said,
that it's probably corporate policy that capital decisions that
involve an outlay below a certain amount can be made at your
divisional level without any ...

THE WITNESS: Yes, I do. Yes.

DR. DUPRE: Can I just take another example to try
and again just pump a little blood into the skeleton of the
organization chart?

30 Let's take a collective bargaining situation, and
of course you are getting down to the short-stroke decision of

5 DR. DUPRE: (cont'd.) whether to go up just
enough to come away with a settlement, or on the other hand to
hold off and take a strike.

10 Now, to what extent is this kind of decision
something that involves the industrial relations side of the
organization chart that would go, or leads you up to that senior
vice-president as opposed to a decision that it would involve
your division leading back up to its senior vice-president?

15 THE WITNESS: We would, if we were coming up
for a negotiation, we would obviously try and establish within
ourselves what we saw as a minimum and a maximum that might be
agreeable to both parties, and we would discuss this with the
central employee relations department and get their views on
the issue.

20 But I think in terms of whether you were going
to settle or not settle on a particular issue, it would be
essentially an operational decision, and I can't think of it
happening, but there probably could be areas where a division
general manager may wish to settle at a level and employee
relations may not agree with that because of the effect it might
have on some other operation of the company. Then other
negotiations may take place at a higher level.

25 So essentially, it would be an operating decision.
Specifically in this case of money or benefits, I don't see how
it really becomes a negotiable issue in terms of health and
safety. I don't think we would treat it as such, really.

30 Either people are working, to our knowledge, at
any particular time, in a safe environment, or they are not. If
they are not, we have got to do something about it. I don't see
that that's a negotiable issue with a union organization.

DR. DUPRE: I wasn't suggesting the possibility
necessarily of a crossover one way or the other. I'm just trying

5 DR. DUPRE: (cont'd.) to get a sense of how decisions are made in the collective bargaining area, as far as a decision to settle or not to settle is deemed a big decision.

THE WITNESS: Yes.

10 DR. DUPRE: And I take it, then, from your description, that the decision would be...let me put it to you this way: Would the decision be taken by you with the advice of the industrial relations people over there, or would it basically be taken by the industrial relations people from headquarters with advice from you?

15 THE WITNESS: The first. The decision would basically be taken by me with the consultation of the industrial relations department, employee relations department. If it was in the guidelines that they felt reasonable, then the decision would be mine. If it was outside it, then we are open to the difference being negotiated.

20 DR. DUPRE: Now, just to take one last example, I'm thinking back to Mr. Laskin's question about the litigation with an insurance carrier. If Manville Canada gets sued by somebody, is this something...well, among other things it is going to require Canadian lawyers to represent it because the bar is very protectionist and will require a lawyer from the provincial jurisdiction involved...how will the decision to respond to litigation be made? Will that be something that as a matter of course would just get fed out of your shop and into the legal department of the parent company, which would then turn around and hire the properly-licensed local talent, or what?

25 THE WITNESS: Very often the latter would be the case, but I think it very much depends on why we may be being sued. So, we can be sued because we haven't paid a bill, we can be sued because we haven't supplied some materials...

30 DR. DUPRE: Any of a variety of reasons.

5 THE WITNESS: Any of a variety of reasons. There are obviously cases where somebody will turn around and take a case against us for what they consider wrongful dismissal - a salaried employee, for instance.

Now, the decision as to whether to proceed with that or not is largely an internal division decision. Do we feel the guy is reasonable? Had he been treated correctly? Have we made a mistake, or is he trying to get after us unjustifiably?

10 If we decide that he has made...that we should in fact proceed with the case, then we would...well, again it depends on the situation, but normally we would at least consult with the corporate legal department in the United States and inform them of what was happening, and we might then refer the case immediately to some legal counsel in Ontario, for instance, or whatever province we might be having the problem, and under the recommendation of that legal department - there are clearly law firms that we deal with on a regular basis, we know them and we don't have to go through a lot of rigamarole.

15 But if there was a specific case that came up which we were not familiar with, if there was a case that came up on the issues that this Commission is concerned with, that would clearly be referred to the legal department in the United States.

20 DR. DUPRE: Does Manville Canada Incorporated have an officer who is called the general counsel?

25 THE WITNESS: No.

DR. DUPRE: No.

MR. LASKIN: Q. Does it have an internal legal department here in Canada?

THE WITNESS: A. No, we do not.

30 Q. I think the only other question I really wanted to ask you, Mr. Cashman, just comes back to the policy that you

5 Q. (cont'd.) articulated before lunch, when your company is operating in jurisdictions with different regulatory standards, and to summarize it, as I understood it, in the United States you will always adhere to the American standard, and to the extent that that American standard is more stringent than the standard in another jurisdiction where you are operating, you will seek to implement the American standard in that other jurisdiction?

A. Yes.

10 Q. I wonder if I could, just to bring it down to the situation in asbestos, and I appreciate you don't have any direct knowledge of asbestos, but if we bring it down to the situation of asbestos and this jurisdiction, as opposed to the United States, as I read the regulatory histories of American control of asbestos and Ontario control, they were roughly
15 parallel, but there was about a four-year period in the early 1970's when Ontario's standard appears to be more stringent than the American standard.

20 As I understand it, in 1972 we went to a two fiber guideline, in any event. The Americans were under a five fiber standard out of OSHA until 1976. So do I take it if the policy you articulated was in place then that your company here would then be meeting a more stringent standard than your operations, your general, overall operations in the United States?

25 A. If the practice we apparently operate under had been in place - and I have no idea whether it was - then your assumption would be correct. I am not familiar with what the Ontario laws were back in the 1972-1975 period, whether it was a guideline or a regulation or whatever it might be, the principle, if it had been in place. But I don't know whether it was, in fact.

30 Q. Do you see that...if it was, do you see that situation creating any particular difficulties, bearing in mind

5 Q. (cont'd.) that the thrust of your operations are really in the United States? I assume that's where a good deal of your research and environmental expertise is, and so on.

I mean, do you see any particular problems created for the nonAmerican jurisdiction that's operating under a more stringent standard?

10 A. Not specifically, no. I'm not sure if I understood your question, or the direction of it.

15 Q. In the sense that you are in the United States, and let's say in this 1972 to 1976 period all that you have to do is meet five fibers, you have to meet a five-fiber standard, presumably for argument's sake your engineering controls, your ventilation systems, all of the technical apparatus in the workplace might be geared to meeting that standard, but there might not be the kind of developed technology and processes required to come below that standard, at least sufficiently below, say from five to two.

20 Now, you come up to a jurisdiction like Ontario, where you have a presence admittedly, but certainly not to the extent that you might have south of the border, which may require different technology, different expertise and different equipment and so on. I'm just wondering whether you can contemplate that that, from an overall corporate point of view, may create any particular difficulties?

25 A. I can hardly envisage why it should, unless there was a case where the operation outside of the United States was so small in proportion to the United States' total operations that the amount of money involved to correct it would be disproportionate to the return, in which case I would suggest a decision would be forthcoming that the operation would be closed.

30 DR. UFFEN: And that would be made in Denver's structure?

THE WITNESS: Yes.

5 DR. UFFEN: Your board of directors would learn about it afterwards?

THE WITNESS: Well, if it was one of my plants that somebody was closing, I would be obviously involved in that. We are not going to operate plants outside of the law.

DR. UFFEN: May I just proceed?

10 MR. LASKIN: Yes, by all means.

DR. UFFEN: Suppose someone within your area of operations specified a requirement which it turns out is going to be very expensive. The decision whether to meet the expense or close down the operation would be made in Denver?

15 THE WITNESS No, the recommendation would come from here...to invest money to maintain that operation.

DR. UFFEN: But suppose the cost was very great, far beyond any expenditure you could make on your own say-so, and you recommended it be done, is it possible that the Denver board would disagree with you?

THE WITNESS: Oh, yes.

20 DR. UFFEN: And if they decided not to go ahead, what would happen?

THE WITNESS: If we couldn't meet the regulations, we would have to close it down.

25 DR. UFFEN: Yes, "we would have to". You mean you would get a directive from Denver saying we've decided to close the operation?

30 THE WITNESS: Well, in a case like that, the recommendation or the proposition would be to spend whatever... say two million dollars for environmental control, and when we put forward the appropriations there are all sorts of backup information and risk analyses, and there are always alternatives, and if the alternative was spend two million or close down the

THE WITNESS: (cont'd.) operation, and we
recommend to spend the two million and the board of directors
in the United States says we are not going to spend two million,
the decision is made, because there was only one alternative there.

DR. UFFEN: Yes, but I'm just interested in the
procedure...what would happen there.

THE WITNESS: Well, then...

DR. UFFEN: They have made a decision at a board
meeting.

THE WITNESS: Yes.

DR. UFFEN: What would happen there?

THE WITNESS: That the money was not to be spent?

DR. UFFEN: Yes.

THE WITNESS: Then we would proceed with shutting
the plant down.

DR. UFFEN: Would you be at that board meeting?

THE WITNESS: I would be at the Manville International
board meeting under our new structure, yes.

DR. UFFEN: They would invite you there because of
an...

THE WITNESS: Because I'm a member of that board.

DR. UFFEN: Of the international...?

THE WITNESS: Yes.

DR. UFFEN: The decision would be made at
the international corporation level...

THE WITNESS: Yes. It could be vetoed by the board
of Manville Corporation.

DR. UFFEN: Would it be correct, under these
circumstances, that they would almost certainly invite you to be
there, if a decision like that was being made?

THE WITNESS: Not necessarily, but they probably
would, if it was up at that sort of level. Yes.

5 DR. UFFEN: I thought I was pursuing your question just a little further, because I was curious about the chain that would...

DR. DUPRE: I just want to pursue your question about the question.

10 Let's take two kinds of two million dollar capital expenditures. One instance is a two million dollar capital expenditure that your division recommends, because it sees that there is a market for the additional products which would be generated with that investment.

The other instance is a situation where it's a two million dollar capital expenditure that you recommended because it involved, let's say, a ventilation system.

15 Now, I would take it in the latter case that certainly the multi-national board, before assessing your recommendation or rejecting it, would certainly have gotten some input from the senior vice-president, occupational...

THE WITNESS: Oh, yes. No question.

20 DR. DUPRE: Now, in the other capital decision, which would be, you know, geared to additional production for a market that you perceived, they would get input from one of their other senior vice-presidents who deals, say, with either marketing or something of that sort?

25 THE WITNESS: They may. It would rather depend on what the project and process was, and the scope of it. But if you look at any projects of significant capital...and I believe the figure would be over two hundred thousand, but it may be eight hundred thousand...that involved a change of process or an expansion, it would have to pass through health, safety and environment for a little tick - yes, this is okay.

30 It may, if it was a new process or product, pass through corporate engineering or some centralized marketing

5 THE WITNESS: (cont'd.) consideration, much more
so for the engineering rather than the marketing aspect, to get
an input, and then you have to go finance and all sorts of other
approvals as it goes up the scale - the more money, the greater
number of approvals. Over a million dollars, it would have to
go above the board of Manville International Corporation, and
10 in the case of ventilation - and I assume that you are referring
to ventilation in the sense of health, safety and environment,
not for any process work or particular movement of air in the
plant - then I think the analysis is essentially the same, and
the return is judged by what you can't do it you don't do it,
and if you don't do it then the law or the health environment
15 people say we've got to do that or shut the plant down, then
the financial analysis on that basis would be essentially the
same.

But it would have to be approved by health,
safety and environment. No question.

20 The method of approaching the analysis, one being
expansionary and one being, having the alternative of a shutdown,
of course is slightly different, but the answer would come to
the same.

DR. DUPRE: But in...

25 THE WITNESS: And there would not be a competition
of funds between an environmental project and an expansion project.
The environmental project would take preference, with the only
alternative being shutting the operation down or going out of
the particular business.

30 DR. DUPRE: I think this is helpful to me, because
I think I...well, I'll just put it to you and you tell me if I'm
wrong. I think I can now take it as an accurate generalization
that in most decisions that are involved in capital expenditures,

5 DR. DUPRE: (cont'd.) and that would include any health and safety aspects as well as anything dealing with the expansion of production facilities and so on, I can take it as an accurate generalization to say that in all instances the decision that has to be made in Denver is one that has to come up through you, and they take such advice and such input as is fed into them from divisions like finance, marketing, things like that?

10 THE WITNESS: Yes. Any expenditure over a certain limit would have to...the recommendation would have to originate here. I can't think of...there may be a case, but I just can't imagine one right now where somebody would start writing an appropriation request in Denver for something we wanted to do here.

15 No, there are clearly a number of examples where we already would have been in very close contact and worked with technical people in Denver, before putting such a request for capital together. The request would have to originate from here... as they do at all levels. Anything that is capitalized is formally written out and approved at various levels throughout the company.

20 DR. UFFEN: Would the mining operations be handled in the same way as other Canadian corporations?

25 THE WITNESS: Yes. The regulations or the internal rules for the approval of capital, as far as I know, are identical in every operating division in the corporation, wherever we may be operating. The approval levels would follow, as far as I know, exactly the same steps.

DR. DUPRE: If I remember rightly, it was the Reeves Mine that was owned by J-M?

THE WITNESS: Here in Ontario, yes. Yes.

30 DR. DUPRE: That mine, of course, was closed down, but is the property still under J-M?

THE WITNESS: I believe it is. I'm not sure.

DR. DUPRE: But if it is, it must be under
a J-M Canada Incorporated as distinct from Manville Canada?

THE WITNESS: Under Johns-Manville Canada, yes.
I'm sure that's right.

MR. LASKIN: Q. Just one last question, Mr. Cashman.

Are any of the asbestos workers from the
Scarborough plant, which is now closed down, under any kind of
surveillance program by your company?

THE WITNESS: A. The people who are still working
with us, or the people who have left us?

Q. Either?

A. The people who are still working with us are
on a, I believe it's if they have worked for eighteen years, I
think, they will get a voluntary medical examination, I believe
it's twice a year. I really can't...I really don't know the
answer to people who may have left us. I can't answer that
question.

I can certainly find out, but I'm sure Mr.
Machin will...

Q. Be able to help us on that?

A. I'm sure he can, yes.

MR. LASKIN: Thanks very much, Mr. Cashman.

DR. DUPRE: Thanks very much, counsel.

Mr. Starkman?

MR. STARKMAN: Yes, I can proceed.

CROSS-EXAMINATION BY MR. STARKMAN

Q. Mr. Cashman, do you have a copy of this
organizational chart, perhaps? Because in all the attempts
to clarify what is happening...

A. Do you want to put it back up on the screen again?
Thank you very much.

Q. Yes, that would be fine if it could go on the screen.

MR. PATERSON: Which one is it you are looking for?

MR. STARKMAN: I guess it's the one, organization post-1982.

MR. PATERSON: This one here?

MR. STARKMAN: Yes.

MR. STARKMAN: Q. Now, I thought I was reasonably clear on this until the Commissioners started into the last series of questions where you said that requests for capital appropriation almost always originate at the local level, to put it that way.

Now, what I am confused about is, when you look to the position of senior vice-president, health, safety and environment, and if in their department they discovered some process, some program or otherwise, which would improve the health and safety of the employees of Johns-Manville, and inevitably a program involves a capital expenditure, wouldn't they, on their own initiative, put that program into effect, without waiting for a request from the local level?

THE WITNESS: A. In the practical way of how it's done, it would be almost simultaneous. I mean, if there was something very good that somebody discovered or invented, or that was extremely beneficial, this information would be made available immediately to all the manufacturing operations to which it may be applicable, assuming it's manufacturing.

It could even be an office environment, I would imagine, with the recommendation that an appropriation be made up so that the materials could be ordered and approved in the quickest possible way. But each location - and there are a number of different fiscal companies, of course, involved here - need to keep their own capital records and their requests for

5 A. (cont'd.) capital and how it has depreciated
...there are different depreciation laws in various countries.

So as a matter of...in that particular case as a matter of bureaucracy, it would still originate from where it was going to be installed. But you would get an automatic approval if somebody had made a corporate decision that that would go through.

10 Q. Well, would it be an information or would they insist?

I guess what I'm getting at is, if there is something that comes to the attention of health, safety and environment and then it's brought to the attention of the various manufacturing divisions around the world, some of them may want to appropriate capital for that and some may not, given their particular capital position at that time, given the country they are operating in.

15 Now, the ones that decide not to, are they then instructed by the...by Denver, you must put that in?

20 THE WITNESS: Yes.

Q. Or is that left to their discretion?

A. No, no, no. There could be, it depends on what the issue was, but there could clearly be cases where a directive could come down - you will do this, please raise an appropriation number XYZ immediately, for X amount of dollars or their local equivalent, and go ahead and do it.

25 That would have to be a fairly strong discovery of something...

Q. So really what it is, the appropriations originate at the local level, but they can be told to appropriate monies for something?

30 A. Absolutely. No question.

5 DR. DUPRE: Just to pursue that with him, to club it with a specific example, let's assume a situation where in an asbestos operation the American regulation shifts from five to two fibers, so you proceed on that basis in the U.S., perhaps, you know, deciding to close some plants along the way.

10 But now let's say, for the sake of the argument, that there is a plant that has been in Spain where they've got a five-fiber standard.

15 Now, would I take it that what would go on there would be that through the senior vice-president, health, safety and engineering (sic), what would then be automatically considered would be whether in Spain you are going to make the capital expenditure to bring that plant down to two fibers, or close the plant?

20 THE WITNESS: That instruction would come out from health, safety and environment, and it would essentially say 'you will operate your plant in Spain at two', whatever it might be. It would then be up to the local management, probably in conjunction with engineering expertise already developed in Denver, as to the best way of achieving that two or X, Y or whatever it might be, and what reasonable time frame.

25 But yes, you are right. The instruction to operate at a certain level would come from Denver. The how of achieving it might be done at a local level.

30 DR. DUPRE: And if it's a local level, of course, and what was discovered as to the how of achieving it involves a lot of money...

THE WITNESS: You would go through the same...

DR. DUPRE: ...the local level would have to feed back into Denver.

35 THE WITNESS: Yes.

DR. DUPRE: Where then the decision would be made, presumably...

THE WITNESS: To spend that money or not.

5 DR. DUPRE: ...either to spend the money or
to close the plant.

THE WITNESS: Correct.

DR. DUPRE: As opposed to either spend the money
or continue to operate at five fibers in Spain, notwithstanding?

THE WITNESS: Yes.

10 And there is obviously some reasonable time period
to allow these studies and work to be done.

DR. DUPRE: Sorry, Mr. Starkman.

MR. STARKMAN: Q. Now, in the middle in the red
boxes, it says senior vice-president, but there appear to be about
five boxes. Is that five senior vice-presidents?

15 THE WITNESS: A. Yes.

When we give the Commission the other organizational
chart, we can break that down, because each of those five companies
has one senior vice-president as its chief operating officer, if
you wish.

20 Q. All right. So in the case of Manville
International Corporation, who is the senior vice-president?

A. The name, the current name in there?

Q. Yes.

A. It's a Mr. Heath, H E A T H.

25 Q. Okay. And in the case of Johns-Manville
Corporation, who is the present...

A. It would be Harris, right? M. Harris.

You would find those listed on those boards of
directors.

30 Q. Yes, I see that. They are the third name
down in each case, or the senior vice-president.

A. Right. The two top names being the president

A. (cont'd.) and chairman of the parent corporation, the holding title in both cases.

Q. Yes.

Now, I notice that in the reorganization, on the righthand side you have...now there is someone in the position of vice-president of labour relations. That position didn't exist before, as an operational position?

A. No, it didn't. I'm just wondering where that position reported to before. I can't remember.

MR. PATERSON: Probably under administration.

THE WITNESS: Well, if the Commission will allow me...Bruce, do you know who...

UNIDENTIFIED SPEAKER: I believe that went to Frances Payne.

THE WITNESS: So it was under administration at one time? So in that other organization it would have been up there under that vice-chairman of the board in administration, over on the lefthand side.

MR. STARKMAN: Q. Yes, I can see that.

Now, on the recent...dealing with the current situation...there is another position there called vice-president EDP.

THE WITNESS: A. Yes.

Q. Can you just tell me what that is?

A. Data processed.

Q. What does the E stand for?

A. Electronic.

Q. Electronic data processing.

Now, when you were asked before about the labour relations context, you said that most of the decisions were made at the local level, dealing with the collective agreement.

But as I read the chart, the decisions go up, say

5 Q. (cont'd.) from Manville Canada to Manville International, through the senior vice-president and then to the president, and then the labour relations vice-president is advising the president, and then I guess it goes back down that chain? Is that...?

A. That's correct.

Q. Now, if...yes?

10 A. I mean as I say, apart from being an expert in his field with a very small staff, clearly one of his main jobs is to try and correlate the actions of the corporation across North America, so that we don't do something weird in one place that's going to look funny in another, or vice versa.

15 Q. That's obviously a concern of Manville Corporation, that they shouldn't do something in one jurisdiction, one state, one country, which they cannot or or would not be willing do to across the whole organization?

A. As a general statement, that's probably correct. There are clearly exceptions to it as well, especially when you get into overseas countries.

20 Q. But within Canada and the United States, that would be...

A. Generally, yes.

Q. ...a generally-accepted truism.

25 Now, if in bargaining one of the things being talked about is health and safety...I recognize you said that you want to...that it's the corporation's position that all employees are safe, but if there is a concern about the degree of that safety and that's one of the issues being talked about at the bargaining table, then would...on this chart, if this is an issue, health and safety, whether it be protective clothing or masks or early retirement or something along those lines, as a result of health and safety concerns, would the health, safety and environment

30

Q. (cont'd.) department become involved, and then the whole chain runs up to the chairman of the board?

5 A. If it was an issue and if you raised it - dust masks for instance - that would be a reasonably-good example of what was said earlier. If the health, safety and environment department, after evaluating a whole new load of dust masks available on the world market, picked up one that was better than the one that they were generally recommending, then that
10 recommendation would go out to all departments and divisions everywhere - the recommendation would be that that mask was used.

If there was an issue on a labour negotiation as to whether masks should be worn or not, we would clearly consult with that department on their expert opinion as to whether they felt that masks were applicable or not, in a particular environment.
15 So they could be involved, yes.

Q. For example, do you know whether the scrap asbestos products have been removed from the plant in Scarborough?

A. How do you mean by the scrap asbestos products?

Q. Well, I understand that there are scrap
20 asbestos or asbestos tiles or asbestos-cement pipes, scraps of them, nonsaleable...

A. You mean pieces of broken pipe and things like that?

Q. Yes. Do you know whether that has been removed from the plant?

25 A. Not all of it has been removed. Some of it is still there.

Q. The decision on the removal of that scrap, where would that be made in this organization structure?

A. The desirability or otherwise to remove this
30 scrap would clearly be made on a local basis. We would consult with health, safety and environment on what risks or otherwise

A. (cont'd.) may be involved in the removal of that scrap.

5 If you take specifically the case of broken pieces of asbestos-cement pipe at Scarborough, we don't see any, at this stage, exposure to a health hazard by handling a broken piece of asbestos-cement pipe rather than handling a whole piece of asbestos-cement pipe.

10 Q. So the decision to remove it or not remove it would be made at the local level in consultation with health, safety and environment, as I understand what you say?

A. Yes.

15 Q. In terms of the removal of let's say asbestos-cement pipe, are there regulations...not regulations, are there memoranda from the Denver office concerning...let's just deal with removal...would there be memoranda dealing with something like the removal of scrap, or in the case where they removed the machinery, are there memoranda dealing with removal of machinery?

A. Yes.

20 Q. I guess there's...

A. Sure. There are certainly guidelines and instructions on how this is done, what health hazards there may be or may not be in these circumstances.

25 Q. I take it that there are memoranda from Denver on almost every aspect of the operation of a Johns-Manville plant, a manufacturing plant?

A. Yes.

30 Q. So if you decide to set up a plant in Canada, to manufacture asbestos or any other product, you would receive from Denver regulations which deal with construction of the plant, the type of ventilation system, the amount of space required, the number...it would go all into that type of detail?

A. Yes.

5 Q. And the number of executive or managerial people to hire, etc., etc., the location, it would deal with all those things?

A. Not necessarily the location, but...and not necessarily the staffing. There might be some other local influences, but I think in general the answer would be yes to what you are saying.

10 Q. At least dealing with the environmental aspects of the plant, those come from Denver?

A. Sure.

Q. Could you provide us with a copy of those? What they look like?

15 A. Yes.

Q. I take it they come through looking, you know, like memoranda similar to what you provided us with this morning?

A. Yes.

20 Q. I was looking at these memoranda, and the first one that reference was made to was something from the chairman of the board concerning asbestos policies.

At the back of it, it says "To", and then there's some numbers. Are you familiar with those? It says, "To one, fifty-two, fifty-three, fifty-four", etc. What do those numbers refer to?

25 A. I can't give you the accurate translation of the numbers, but I can explain the system to you.

30 There are so many bulletins that come out of corporate headquarters that each level of management, or each level of employee of the corporation is assigned a number for the purposes of communication - I don't even remember which way around it does, perhaps Tom does. Some, of course, are for restricted circulation, and they would have a particular number on

5 A. (cont'd.) them. Others would be for totally general circulation, and they would have another number on them.

So each of those numbers there will represent some sort of management level, either on an operating basis or a staff basis, or a combination of both.

Q. These are the people...

A. Who would automatically receive that.

10 Q. ...who would receive this?

A. Yes. Now, it is...unless there is something dramatically confidential in it, and it is then often left up to the discretion of local management as to whether they would want to publish this locally or put it on a plant notice board, or translate it into another language. They deal with it in whatever way they wish.

15 Q. I am interested in what communication there might be with the employees of Johns-Manville Corporation who are working with hazardous or potentially hazardous substances, and whether or not...I mean, is there a number for 'to all employees'? Or is that something that would have to be spelled out there in that way?

20 A. I don't know. I repeat, I don't know that numbering system. There clearly is a form for information to go to all employees. I don't know what the numbering system is.

25 There is another number that would only go to senior vice-presidents, etc., etc., etc.

Q. In terms of the information provided to employees, let's say at the plant in Scarborough, when they were manufacturing asbestos products, I guess up until last summer, would you know what information would be provided to newly-hired employees? Or would I be better asking that of Mr. Machin?

30 A. I think you would be better off asking that of Mr. Machin, and we ceased making asbestos-cement products in

A. (cont'd.) Scarborough two years ago, not one year ago.

Q. Yes.

What do you, without divulging a corporate...matters that are confidential to the corporation...can you tell us why they decided to stop making asbestos products there?

A. We couldn't sell them. The plant was making asbestos-cement pipe. It was a matter of a number of operations making asbestos-cement pipe in North America, and over the last... I don't know what the time frame is, but certainly we could find out, I guess it would be five or six years, maybe a little longer... the demand for asbestos-cement pipe declined. The decline accelerated and therefore the pricing structure of the product, of course, went down as there were many other people in that sort of business, and we ended up just over two years ago, I think if my memory serves me correctly, or running just one of the four machines in the Toronto plant, making asbestos-cement pipe, and that was just not an economical proposition to do that. So we shut it down.

We shut it down not because we didn't like making asbestos-cement pipe per se. We shut it down because there was and had been and still is a falling demand for asbestos-cement pipe.

That was at the same time, or probably just a little bit earlier, SNA in Quebec purchased the assets of the pipe manufacturing plant at Asbestos, and I think they are now the only remaining asbestos-cement pipe manufacturer in Canada. As far as I know, they are operating on a very, very reduced output, despite their integrated mining, manufacturing and marketing approach, being miners of asbestos fiber and manufacturers of pipe and sellers of pipe.

The market has just deteriorated and declined

5 A. (cont'd.) dramatically, and has been taken over by PVC pipe, as being perceived in the marketplace as a better product, by pipe contractors and users of pressure water pipe.

There is nothing wrong with asbestos-cement pipe, but for an ease-of-installation, ease-of-transportation, ease-of manufacturing, PVC pipe has gained very significant market shares.

10 Q. When Mr. Laskin was asking you this morning about the reorganization of the corporation. you said that one of the results of it was to put asbestos and...put asbestos under its own corporation, being the Johns-Manville Corporation now dealing with asbestos and asbestos products throughout the world.

15 You said that wasn't the reason, perhaps, for the reorganization, but that was the result of it. Do you know what was meant to be accomplished by this organization? The reasons for it?

20 A. In fact we have a bulletin on that subject which we can make freely available to you, but the essence of the reorganization was to endeavor to place the various assets of the corporation under groups of management, so that the assets could be managed directly rather than simply looking at the marketing and production operations as they had hitherto been.

25 We had operating divisions which may manufacture a product on one side of the country, and be marketing it in the other, but didn't have any direct responsibility for the ownership of the land or the building or the country it may be operating in, or in fact the cost of money and the interest charges that they may be incurring. That was sort of a great big corporate ball, where it all got hidden.

30 With that in mind though, there were clearly a number of occasions where assets were not being used in their

5 A. (cont'd.) optimum way or their greatest efficiency, because the motivation of the local division manager was not necessarily geared to the best application of that particular asset. It was geared to manufacturing and selling a certain product.

10 By grouping the businesses into those five corporations, as in the relatively-recent restructuring, of course, it will take, in my opinion, quite some time before it settles down and we go through some more growing pains with it. It will result in a more effective asset management, because you are really splitting a corporation into five different ones and giving the working responsibility down to a lower level of management to run his business...something that I happen to agree with.

15 Q. When you said there is a bulletin for that, are you referring to this bulletin...

20 A. No, there is a...I wasn't referring to that... there is a chart about so-size...I don't know if you have one here, but we can certainly provide one to the...which in fact showed pictures and boxes with people, as it was announced last year and explained what assets moved from one division into one company, and it gave the ownership of all the manufacturing locations.

25 I don't have one with me, but we can certainly provide one to you.

Q. Would it accomplish the same thing?

A. Essentially, yes. The one I'm thinking of, it runs into somewhat more detail and it does split it up in sort of an organizational chart. It's not terribly up to date, but it at least will give you the right thinking behind it.

30 DR. DUPRE: Mr. Starkman, can you just identify the document that you are showing him?

MR. STARKMAN: Yes. Perhaps it could be made
an exhibit. I don't know if it has been. It just says,
5 Manville Corporation on the front. It's got a picture of an eagle.

The truth is, Mr. Chairman, there's very few
identifying marks on this document. It's note dated, but I would
be pleased if we marked it as an exhibit.

THE WITNESS: It's a corporate function relation
document that would have come out earlier this year, Tom, correct?

10 MR. PATERSON: It was distributed with the annual
report, yes.

THE WITNESS: It came out prior to the annual
general report and was distributed with it as a descriptive
booklet.

15 MR. STARKMAN: Q. Now, in the new...do you know
Mr. Reese, director of asbestos policy?

THE WITNESS: A. Oh, yes.

Q. Now, in the new corporate structure, where
would he fit in to the diagram?

20 A. I don't know. Yes, he would report to the...
I'm trying to think of the man's name...is it Earl Parker?

MR. PATERSON: Earl Parker.

THE WITNESS: Who is senior vice-president of
the legal department.

25 MR. STARKMAN: Q. All right. So the director of
asbestos policy finds himself in the legal department, under the
new...

THE WITNESS: I believe that to be the case.

Q. ...corporate structure.

Does that seem strange to you?

A. No.

30 Q. All right.

Do you know where he was before the reorganization?

A. No, I don't. Do you, Tom?

MR. PATERSON: I don't want to answer, but I...

MR. STARKMAN: Well, I would be happy if you
5 could provide us with it.

MR. PATERSON: ...know he was in the asbestos fiber.

MR. STARKMAN: You mean the asbestos fiber division?
(no audible response)

MR. STARKMAN: Q. Would you have any knowledge
10 about the relationship between Johns-Manville and the Workmen's
Compensation Board? Or would I be better asking that of Mr. Machin?

THE WITNESS: A. Not specifically. I have
never entered into any discussions or conversations. I would
not be well qualified to comment.

Q. Okay. Would you have knowledge of the
15 proposed legislation in the American Congress, dealing with
asbestos claims?

A. Not very specifically, no. I've probably read
about it, maybe less or more so than you have, but I certainly
wouldn't consider myself an expert.

Q. Would I be better asking those questions of
20 Dr. Kotin?

A. I believe so.

MR. STARKMAN: I have no further questions.

DR. DUPRE: Miss Jolley?

CROSS-EXAMINATION BY MISS JOLLEY

Q. We dealt with the shutdown at Johns-Manville
25 out in West Hill, with the asbestos. Why...can I pursue the
whole fiber glass section shutdown? Why did they shut down that
section?

A. We shut down the fiber glass insulation plants
30 in two stages last year. I think the first machine...there were
two machines producing fiber glass home insulation...some other

5 A. (cont'd.) minor products, but essentially fiber glass home insulation...and if my memory serves me correctly, we shut down the first one in March of 1981, and the second one in July of 1981. That might not be entirely accurate, but that's about the time frame we did it in.

10 We shut both of those plants down because they were noncost-competitive in the marketplace. What had happened specifically in Ontario, and it's difficult to transport home insulation, fiber glass home insulation, any distance because of its high volume in relation to its selling price, and what happened in Ontario is that there was more production capacity available in Ontario than the market could normally expect to absorb, and this was fuelled by a further competitor coming into the marketplace, largely financed with federal and provincial money which became a competitor to us and made our operation less effective, so we shut it down.

15 Q. Are you speaking of urea formaldehyde?

A. No, no. This was another...

20 Q. Oh, they were in...

A. ...purely a fiber glass manufacturing operation. No, I was only relating it to other exactly similar products.

25 Q. My understanding is that the employees at Johns-Manville now, the eighty who remain, have been told that on July 15th they will have a decision as to what will happen in the future at Johns-Manville, West Hill...whether there will be an extended layoff or whether it will be in fact shut down...the calcium silicate operation.

Where, exactly, is that decision being made?

A. I'm not aware of that decision.

30 Q. You are not aware of that decision?

A. The situation at West Hill...and I don't know

5 A. (cont'd.) whether the exact date is July 15th
or otherwise...and I spoke to everybody out there a couple of
weeks ago...is simply that with the relatively-disastrous
economic climate and market for industrial products as well as
residential products, we are not in a position to guarantee that
we will be able to run that plant in its normal five-day, four-shift
configuration...or whatever it's running at that...and what we
10 undertook was that I think by July 15th, we will tell the people
whether they are going to be on a three-week shutdown or a
five-week shutdown, or be operating on a full-week schedule for
the rest of the year, but that is all.

15 There is no way we can make a decision as to
whether we are going to shut that plant down or make it bigger,
or make it different, by July 15th. There was no intention to
do so at this stage.

20 Q. At the point in which...and I'm not
suggesting that you are going to do this...but at the point at
which you do shut down that operation in West Hill, say in the
future you do, you indicated that the employees' records of the
employees who worked at Johns-Manville are, of course, maintained
at Johns-Manville now, in West Hill, in the plant. What
happens to the employee records of...well, for example, the
Reeves Mine when Johns-Manville shut that down...where do the
employee records go or where did the Baie Verte Mine that you
just shut down this year, where did their employee records go?

25 A. I don't know where the Reeves Mine records
went. We can certainly ascertain where they went.

30 I would guess if we shut down the Toronto property,
and we have no clear intentions to do such a thing...we may move
it, but it's very unlikely that we would ever shut it down...and
if we moved it four kilometers up the road, then the records will
go four kilometers up the road.

Q. But say you moved it to the Third World...just as an example...where would the employees' records go from J-M...

A. We would probably keep them here in Manville Canada, at our offices in Etobicoke.

Q. In Etobicoke?

A. That's my guess as to what we would do with them, yes.

In the case of Advocate Mine in Baie Verte, Newfoundland, we owned thirty percent of that operation. It is shut down. To my knowledge, all the records are still in the Baie Verte offices, and there seems to be a good chance that that operation will start up again, with some federal and provincial money.

Q. It's of some concern to us, because a number of the asbestos industries have shut down, of course, across the world, and we are concerned that the employees' records are not available for future determination of their employment, and that kind of thing.

I would like to pursue...I understand that it is... I'm sorry?

DR. DUPRE: A quick little question?

I take it that Baie Verte Mine would be under J-M Canada, not Manville Canada?

THE WITNESS: Correct.

DR. DUPRE: Thank you.

MISS JOLLEY: Q. Again, this may be a problem because it would be J-M Canada...or the reference would be...but the Reeves Mine property, you aren't entirely sure that that remains with J-M Canada, but they did open up a talc mine after 1975, when they closed down the Reeves Mine. It opened up for a very short period of time, but then closed down. Do you know anything about why it closed down?

A. No, not specifically.

As far as I know, that was a talc operation that was...where talc was extracted and purified by a flotation process, which was relatively costly. There were some settling problems involved in it, and the last I heard, in fact, that it was not closed down, that it had been sold to X, but I can't remember who X is. I believe it's a British manganese company, but I don't recall exactly the name. We could certainly find out for you, if you so wish.

Perhaps Mr. Paterson can cast some light. Do you remember that, Tom?

MR. PATERSON: No, I don't happen to know...

THE WITNESS: It goes back to 1975, 1976 area.

MR. PATERSON: I wouldn't know. I'm sorry.

MISS JOLLEY: Q. How many mines does J-M operate now, asbestos mines, throughout the world?

THE WITNESS: A. As far as I know, only one.

Q. That's in Quebec?

A. Yes, I believe so.

Q. Have you ever been involved in mining in South Africa?

A. As a company or as an individual?

Q. As a company? Johns-Manville?

A. Not to my direct knowledge.

Q. You were not directly involved in the mining of crocidolite or...?

A. I don't think so, but I'm saying I don't think so because I don't really know...go back that far. I don't believe that to be the case. If I remember correctly, that was Cape Asbestos that was involved in the mining of crocidolite in South Africa.

Q. I wonder if I could ask you where exactly

Q. (cont'd.) the head office of Manville Canada is?

A. Manville Canada? Yes. 295 The West Mall,
5 Etobicoke,

Q. And Johns-Manville Canada?

A. Johns-Manville Canada's head office has recently
moved to Asbestos, Quebec. It used to be in Montreal.

Q. One of the bulletins that you gave us this
morning is entitled, Asbestos Facts, Number One. It's the
10 second..the third from the last in our file.

Again, I'm not entirely sure that you can answer
this question, although it relates to Manville International,
and that is that the policy statement number two says:

"We will not sell asbestos or asbestos-containing
products where adequate precautions are not likely
15 to be observed".

I just wondered what the policy is in the company,
to ensure that that statement is upheld, especially in the Third
World?

A. I comment on it...firstly, it in fact doesn't,
20 as far as asbestos is concerned, doesn't apply to Manville
International because all asbestos operations, wherever they
are in the world, are under the auspices of Johns-Manville
Corporation, under the new structure - not under Manville
International.

Q. I see.

A. That's a policy...I don't know quite how you
25 police that sort of policy. I don't think I'm qualified to
comment and say how that is policed, and I would think it must
be a pretty difficult thing to police.

I do know that if we have clear evidence that is
30 brought to our attention that requirements are clearly not being
met, or being circumvented or ignored, then we will endeavour not

A. (cont'd.) to supply that person.

5 I guess there are some loopholes in here. It's rather like trying not to supply some countries if you have a trade embargo against them - somebody else is going to buy it and ship it to it.

But that really would be a...I guess, again, Dr. Kotin would be well qualified to answer that question.

10 Q. I wonder...and again this may not be something you can help us with, but it's something that we haven't had anyone that has been able to help us with so far, including Mr. Reese, and that's...is it possible for...I understand you can't do this for us today...but is it possible for us to get some understanding of your Third World operations and the percentage involvement in companies in different countries around the world?

15 A. Yes.

Q. Specially dealing with asbestos.

A. I don't know where that information is available from. Are you talking about our financial interest in various companies throughout the world, shareholdings?

20 In so much as any significant interest would be declared on a 10 K report, I'm sure that's available. But is there any particular country that perhaps I can follow on?

25 Q. Well, I think there has been a lot of controversy as to exactly what J-M's holdings in the Third World are, and there has been written statements made that J-M has more holdings than in fact Mr. Reese indicated, that it wasn't true that you had several of these operations, and I wondered if we could just clarify exactly what you do have.

30 A. I don't know the answer to that question. I know we have less than we used to have, if that's any indication of the direction we appear to be taking.

Q. Is that also as a result of a health concern

Q. (cont'd.) in the Third World as well?

A. I honestly don't know. It could be, but I don't know the answer to that question.

MISS JOLLEY: I have no further questions, then.

DR. DUPRE: Mr. Lederer?

MR. LEDERER: Thank you, Mr. Chairman.

CROSS-EXAMINATION BY MR. LEDERER

Q. Mr. Cashman, at the outset let me apologize. I have a feeling I'm going to go all over the place, that some of these questions aren't going to appear to have any direct organization, and I'm sorry for that, but it seems to be the way my thinking has developed over the course of the morning.

Well, let me start by asking something about your own role. I'm just a little bit confused about something and I don't want to unnecessarily go on with this organization chart any longer, but as I understand it, you are the general manager of Manville Canada Inc., is that right?

A. Essentially, yes.

Q. And as such, you would not have any direct dealings with asbestos, because that's reserved to this other arm, Johns-Manville Canada Inc.?

A. Yes.

Q. But you are also, I gather, the president...and I forgot what the other term was...but the president of whatever it is that Johns-Manville has in this country generally, is that right?

A. No.

Q. All right, then. I...

A. President of Manville Canada Inc.

Q. Well, what confuses me a little bit, and perhaps you could just comment on this, are you really the right person for us to have here, since your arm of the company doesn't work in the area of asbestos?

A. I don't know if I'm qualified to answer that question.

5 Manville Canada Inc., clearly operates the plant at Scarborough, which seems to have attracted significant interest. It was part of Johns-Manville Canada Inc., and it is now operated by Manville Canada Inc.

Q. Are there things about the way your company deals with asbestos that you don't know, that Mr. Power might know?

10 A. Yes, I would think so. That's his principal function.

Q. So the principal basis of your involvement in this sharing, I take it from what you say, would be the fact that as things are now organized, that it's your branch of the company that deals with the Scarborough plant, which no longer operates an asbestos-pipe division or anything else to do with asbestos?

A. Well, I'm not sure if that's the right answer to your question.

Q. Sir?

20 A. It would appear to me that my involvement in this particular hearing today is to try and clarify how an international operation with a base in the United States tends to operate in Canada and throughout the other parts of the world, whether it be in asbestos fiber or any other area. That's how I see my role.

25 DR. UFFEN: May I ask a question here?

Some of your present employees in the Scarborough plant may have been employees at the time when asbestos products were being manufactured or used?

THE WITNESS: Clearly, yes.

30 DR. UFFEN: So they are now your employees?

THE WITNESS: Yes.

DR. UFFEN: And there is a possible interest shown?

THE WITNESS: Very definitely.

5 MR. LEDERER: Q. The distinction now...I think I understand a bit more clearly now, particularly with Dr. Uffen's question on the record...what interests me and one of the reasons that I've led up with this is, the business of asbestos substitutes.

Can I take it that if an asbestos substitute appears that Johns-Manville Canada Inc., is the corporate entity that would
10 look into the potential use of that substitute?

THE WITNESS: A. Not necessarily. It would depend what the application was. Any of the five subsidiaries would be in a clear situation to do that.

Q. Let me ask that question in as general a way as I can. Does the Manville Corporation, or any one of its five
15 subsidiaries, and most particularly its operations in Canada, have any policy for the analysis of risk in relation to any asbestos substitute that might be employed within its operations?

Are there any guidelines that are used before a substitute would be adopted for use?

20 A. Yes. There are guidelines laid down by the health, safety and environment department on the analysis and risk analysis of any product or process that we would get into.

If you are looking at analyzing a product that has specifically been proposed to replace asbestos fiber...a product, I can't think of any offhand...you look at a product that will
25 just replace asbestos-cement pipe, for instance, such as PVC... yes, there is a whole series of guidelines laid down as to how this is approached, and the practice is controlled by that health, safety and environment, and by the research group in Denver.

Q. So I take it from what you are saying that
30 Dr. Kotin is the man who would know about the details of those guidelines?

A. Yes.

Q. The questions on the details should be reserved
5 for him?

A. It would be more appropriate.

Q. All right.

Can we just stick with the chart for a moment?
I'm just confused about something, and I'm sure this is just
10 my confusion.

We have talked about vice-president of labour
relations. What's the vice-president of employee relations,
and what's the difference, and is there any overlap in what
they do?

A. Yes. The vice-president of labour relations
15 in the broad sense, is to look at and correlate and oversee the
conditions, remuneration levels, etc., of nonsalaried employees
of the company.

The employee relations bit, over the other side,
broadly does the same function for salaried employees of the
company.

20 Q. Nonsalaried employees, I take it, are hourly,
are union members, are they? Hourly...people paid...

A. Not necessarily.

Q. Not necessarily?

A. They are hourly...would be nonsalaried members,
not necessarily union.

25 Q. I am just confused by what is meant by salaried.
That is somebody who has an annual salary fixed at a particular
rate, as opposed to some kind of hourly payment based on a number?

A. Right. Hourly paid would be a good definition,
but they are not necessarily unionized.

30 Q. I understand. I'm sorry, that was my...

A. But there is an overlap, yes.

DR. UFFEN: Which one of them would deal with pension plans?

5 THE WITNESS: Both. There is an overlap and it does create some problems and maybe that would be changed in the future. As I said, there are some growing pains with this organization, and...

DR. UFFEN: But whoever does it, they include you as part of the overall pension plan?

10 THE WITNESS: Yes.

DR. UFFEN: Thank you.

MR. LEDERER: Thank you, sir.

MR. LEDERER: Q. Just out of curiosity, is either one senior to the other?

15 The reason I'm asking that question is, the reporting scheme is a little different. The vice-president of employee relations goes directly to the chairman of the board, as does everybody on the administrative wing of the company, whereas the vice-president for labour relations goes to the president, as seemingly does everybody in the operational side.

20 THE WITNESS: A. I don't know. I would think not, but I'm not really sure.

25 Just a minute...I believe the V-P for employee relations is also a corporate vice-president, whereas the V-P for labour relations is not. So if that were the case, then nominally the employee relations position would be the higher position, but I don't think it makes any significant difference.

30 Q. Let me explain to you why I think it might be significant, given this reporting function. I don't want to belabour the point because I'm not sure how important it really is to anything, but the V-P of labour relations, the nonsalaried, the man who looks after nonsalaried people, has a direct contact into the five subsidiary companies, into all the salaried employees

Q. (cont'd.) within those five operational companies.

5 Now, I presume that those five operational companies or subsidiary companies also have salaried employees, and yet you don't get the same direct relationship into those companies.

10 On the contrary, when you are dealing with them, seemingly, the only person who deals with them is the chairman of the board, and that strikes me in which I concede is a totally layman's perception, it strikes me that the corporation is giving a higher recognition to the value of the salaried employee, because the chairman of the board almost directly deals with any problems with respect to their employment.

15 Now, does that makes sense, given this thing, or am I just dreaming something up here on my own?

20 A. I think there is a very clear reason for that. If you look at all that staff function over on the left, which is of considerable dimensions in the United States, they are all salaried people, corporate...all those six boxes on the lefthand side.

25 If you have that position of vice-president of employee relations over on the righthand side underneath the president, you wouldn't have any correlation between all those staff functions.

30 Now, in practice what happens, I don't think there is any question of being dealt with directly by the chairman of the board. If I have a particular problem that I need to deal with, with employee relations, I pick up the phone and I phone the vice-president of employee relations directly, and then go through my boss, through his boss, through the chairman of the board and back down again.

Q. Could we theoretically, and this would then

5 Q. (cont'd.) make sense to me, could we consider, theoretically at least, take that...for all I know this may apply to all of those people on the administrative wing... could we take the horizontal line which is directly above senior vice-president, finance, senior vice-president, legal and senior vice-president, health, safety and environment, and simply continue it along to the five boxes of senior vice-presidents?

10 A. Oh, yes. Sure. And you could do the same on the other side, also.

Q. You have indicated that...what is Mr. Reese's position again, I'm sorry?

MR. PATERSON: Vice-president, asbestos policy.

15 MR. LEDERER: Q. All right.

Now, Mr. Reese is vice-president of asbestos policy, and that's a very general term. He was here and perhaps these questions should have been asked of him, but I'm just a little bit confused now about what that means.

20 He reports to the legal department, is that correct? He is not a lawyer?

I think that's clear from his own evidence, if I remember correctly. I don't know whether you are prepared to accept if from me or not.

25 Is it safe to say that...is it safe to conclude from that, and from that reporting relationship, that Mr. Reese is really around to respond to problems that have already occurred, the litigation that is already before the courts, rather than to deal with health and safety problems that may be involved directly in the plants today and exposing workers that are directly in the plants today?

30 And, to complete the question, that second part of the problem is really left to Dr. Kotin, or the person holding the

Q. (cont'd.) senior vice-president, health, safety and environment portfolio?

5 THE WITNESS: A. Specifically, I'm not in a direct position to give you a yes/no, black and white answer on that, but I would think your supposition is correct.

Q. Thank you.

10 You said that you weren't able to deal with Workmen's Compensation, so the question may be unfair, but this is such a general one and given your senior position I'm hoping you can answer it.

Can you tell me, does the company have a policy to fight compensation claims?

A. Against compensation claims?

Q. Yes.

15 A. No.

DR. UFFEN: Could I pursue this just a little bit, because we are going to do it eventually and this might be a good time.

20 A little while ago we were talking about the differences between the United States and Canada, and my understanding is that Workmen's Compensation Board is an Ontario characteristic, quite different from what you have in the United States.

25 Could you tell me your understanding of what would happen within your Canadian operation if a Workmen's Compensation case arises? I won't say asbestos at the moment, because that's in the other company, but say an accident case. What machinery would go into operation, from your understanding?

THE WITNESS: As to whether we would try and fight the case or assist the man in his claim for Workmen's Compensation?

30 DR. UFFEN: Just your understanding of what

DR. UFFEN: (cont'd.) would happen in Ontario if a Workmen's Compensation claim arises.

Who do you turn it over to?

THE WITNESS: Who do we turn it over to?

DR. UFFEN: You, as president and general manager and chairman of the board?

THE WITNESS: It would be turned over, normally, to the local plant manager...in the case of Scarborough, the plant manager, in the case of Montreal, the plant manager...who generally will have an employee relations supervisor or labour relations supervisor working at the plant, whose job it would be to assist that man in getting his fair claim.

DR. UFFEN: Do you mind if I pursue it just a little bit further?

Suppose it's a case where a routine chest examination has taken place, lung x-rays. We have been told that the examiner, medical examiner, sends the report to the medical officer in the plant.

Do you have a medical officer in each plant?

THE WITNESS: Not as an employee of the corporation, but as a retainer of the corporation.

DR. UFFEN: So you have a medical man on call?

THE WITNESS: Yes.

DR. UFFEN: Presumably, then, the medical reports would go to him, and even though he is a consultant, it would be his responsibility to see what happens to them?

THE WITNESS: In that particular case, I would think yes. Again, I don't think I am entirely qualified to answer. That's how I think it would happen. I'm not altogether sure if that's exactly what happens.

MR. LEDERER: Q. I don't want to press you too far in the field of Workmen's Compensation, but if I could just

Q. (cont'd.) continue on for a moment.

5 You don't have a policy to fight claims, so what is your policy? Do you analyze each claim and determine whether you want to fight it? Do you ever fight a claim? As a matter of policy do you accept a claim?

10 THE WITNESS: A. We would accept...if I understand the question...I mean, if somebody is injured whilst working for us, they are injured whilst working for us. I don't see the point in fighting the claim.

15 Q. Well, I'm not so sure that we are talking about injuries in the sense of somebody breaks a leg walking downstairs, but rather something which may be a little bit more difficult to deal with, which is somebody contracts a cancer, for example, and a claim is made based on some exposure in the past - say ten or fifteen years ago, given the latency periods of those diseases - there may or may not be some question.

20 Now, perhaps I should ask you this question: Do you deal with that kind of claim in the same way that you would deal with a claim for a broken leg? It's made, they were exposed, we accept it. Or are you inclined to take the thing a bit more...to analyze the thing a bit more deeply and perhaps to want to contest a claim of that type?

25 A. Again, I don't know if I'm qualified to comment on do we want to contest the claim of that type, and it would seem to me that clearly you have to examine that more deeply because it is not necessarily a black-and-white issue.

Q. Who examines it?

30 A. The...first our medical consultants would certainly assist us in that area, I would think the workings of the Workmen's Compensation Board would be the ones who really get into determining whether that is a justifiable claim or not.

5 Q. Are you prepared, then, to accept the Workmen's Compensation Board conclusion, or would you appeal it to the Board? Well, unfortunately we get confused between the Board and the board, but...would you appeal a claim that was accepted by the staff of the Board, to the Board itself, or would you be prepared to accept their judgement?

A. We would reserve the right to appeal.

10 Q. So there may be cases which you would, in fact, contest a claim, though accepted by the Board?

A. There may be. There may be.

Q. Which...

A. The other could occur also.

15 Q. Which suggests that you would undertake some independent analysis of all of this on your own, as a corporation?

A. It's conceivable.

DR. DUPRE: Just to follow up that , insofar as there is any kind of a policy in terms of your approach to Workmen's Compensation, would that come from Denver?

20 THE WITNESS: Yes. And they would...again, with local recommendations and input from here.

DR. DUPRE: Right.

25 THE WITNESS: When we look at specifically what has happened in Workmen's Compensation, and what is happening, it may be more appropriate to continue this line of questioning with Mr. Machin, who has been directly involved in some of these matters.

30 DR. DUPRE: In terms of, though, how...you know, a corporate policy of Workmen's Compensation, would that come from... be likely to come, be formulated or reviewed from time to time mainly out of the health, safety and environment department? Would they be the ones who would be involved in that, or would it be more likely to be the legal department or employee relations?

THE WITNESS: I think both the health, safety
and environment and labour relations would clearly be involved
5 in an issue with Workmen's Compensation.

MR. LEDERER: Q. You have indicated...just to
follow up on that...that some of these decisions would be made
in Denver. Do I take it the people in Denver are familiar with
the Canadian laws in this area?

THE WITNESS: A. I would suggest yes.

10 Q. Could I ask you, would questions of this type
be referred to Dr. Kotin directly, given his expertise in the
field?

A. A question of whether we thought a ruling
was fair or not, on a particular disability?

15 Q. Yes.

A. Yes, we would consult with him.

Q. May I ask, can you tell us, has Dr. Kotin ever
been consulted on a claim for asbestos exposure arising, say, out
of the Johns-Manville plant in Scarborough?

20 A. I don't know. I can't tell you, because I
don't know.

Q. Would Mr. Machin know that?

A. He may. Certainly Dr. Kotin would.

Q. Could I ask you this...fair enough, I'll leave
it for Dr. Kotin, but just to double check and make sure we've
got it, could you ask Mr. Machin to consider that question before
25 his appearance next week?

A. Absolutely.

Q. Thank you.

Okay. I take it that to go any further with this,
we would be getting into Mr. Machin's area and you want to defer
to him at this point. I am prepared to stop and...
30

A. I think it would be better.

5 Q. All right. I think you have answered this question and I just want to get it clear because it came up at two separate points.

You indicated that in Belgium you are still making asbestos pipe, is that...did I get that right? Or you are making asbestos...

A. No, we are making asbestos-cement products.

10 Q. I'm sorry. This is the question I think you can answer: Have you, would you, can you legally, through Manville Canada Inc., purchase products from Belgium for sale here?

A. Absolutely, yes.

Q. Have you done it?

A. Not in recent times.

15 Q. Would you...

A. I mean, I don't know if we ever have.

Q. So that takes us back to what I think your answer was the last time - you can do it, but you never have, so far as you know?

20 A. We can do it. I don't know if we ever have. We certainly haven't done anything in recent times, and the reason is economical, not of any particular nondesire to handle asbestos products.

25 Q. But what it raises, it seems to me, and I'm not sure if this is what it's raising in anybody else's mind, is the possibility of an asbestos product coming in through Manville Canada Incorporated, which is not the company that deals with asbestos products and presumably not the Canadian company that has the expertise in the field.

A. The expertise in what field, the manufacturing of it?

30 Q. Asbestos. Well, I would be more general than that - the use of asbestos?

5 A. I don't see that that's relevant. We are talking about the use of a product that contains asbestos, but where the asbestos fiber is locked up inside it - such as a water pipe - and there would be nothing to stop us, as Manville Canada, importing water pipe and selling it and advising people how to put it in the ground. We do that. We import that from the United States.

10 Q. Okay. I want to take you to one other situation that was talked about at some length this morning. It had to do with what happens where you have a standard in the U.S. and you have a different standard here.

15 Now, what interests me is this: what you indicated... and this was in response to a specific question from the Chairman... that if the standard in the United States was more stringent than the one here, you would nonetheless be applying the American standard to your plants here? Do you recall that? Is that an accurate recitation of what you said?

20 A. Yes. That's an accurate objective of the board.

25 Q. Well, now, that's a little different, you see, and that's what I'm interested in. You said it's an objective, whereas when you spoke to the chairman before, I understood you to say that that's what you would be complying with.

30 Now, to me there's a difference. Is there one to you?

A. No.

Q. All right. Let's suppose...

A. There might be a difference in time frame from the day that it's announced and the day that you can comply with it.

Q. Fair enough.

35 A. That would be where my objective was.

Q. The thing that concerns me is, that what arises

5 Q. (cont'd.) out of that assertion is that we can always be sure that the more stringent standard...at least as ours compared to the United States, would be in force here insofar as your company is concerned. You would agree that that's the logical conclusion to draw?

A. Yes.

10 Q. Let's suppose, just for argument's sake or to use a hypothetical circumstance, let us suppose that in fact you had a more stringent standard in the United States than the standard here, and let us suppose that your plant was operating below the Canadian standard, but above the American standard.

15 What is going to happen? What is the sanction? First of all, even before we get to the sanction, how are you going to know that in fact you are above the American standard? Are you doing regular sampling of your own?

A. Yes.

Q. All right.

A. Which is audited through the health, safety and environment office in Denver.

20 Q. Now, let's suppose that that sampling process demonstrates in fact...as I said before, you are above the American standard but below our standard...what are you going to do? Are you going to shut down because you are above that standard?

A. Or modify the equipment so that we would comply with the American standard.

25 Q. Let's say there's a time lag before the modification to the equipment...let's say it would take a month to install the equipment. Would you shut down for the month?

A. Probably not.

30 Q. All right. So what I'm driving at is, that as a practical matter you can't tell us...and I'm not suggesting this is unfair in any way, I'm just trying to get a little bit

5 Q. (cont'd.) more meat on the bone, if you like, what you can't tell us is that you will always meet the more stringent standard, only that you will attempt to do so and that there may be circumstances where you won't be able to, but you will nonetheless continue to operate?

A. No, I wouldn't say that.

Q. I beg your pardon?

10 A. I didn't say that, over a time frame.

Q. But I'm saying that now, given what you have just said about the one month it would take to install this new ventilation system.

15 A. It would be quite conceivable over a one-monthly basis, but not to continue indefinitely, which is what I gather you implied.

Q. No, no. I didn't mean that.

20 What would interest me is how...let's suppose...there is a long way between one month and indefinite, and somewhere in the midst of all of that I presume that there is a line over which you wouldn't want to cross. In other words, there is a time frame at which it gets to be too long, at the standard above the more stringent regulation. Do you have any sense of when that would be?

It may be a very unfair question, but I...

A. Yes, as a general guideline, it would be the shortest possible time that you can install the equipment to do it.

25 Q. If the shortest possible time to install the equipment was two years, would you continue to operate for the two years?

30 A. I can't envisage any situation where it would be two years, but I could see that it might be nine months, and then I think if you were going from an old standard to a new standard, a nine-month time span is not excessive.

Q. I'm not sure that my hypothetical has been

Q. (cont'd.) restricted to a change in standard. I'm just assuming that you suddenly are confronted with a situation where something has gone wrong and you suddenly find you are above the American standard, and if you tell me it would take nine months to correct that situation, you would continue to operate. Is that your evidence?

A. We may.

Q. Who would make that decision, whether or not to continue?

A. We would make that between health, safety and environment - such as Dr. Kotin's department - and myself.

Q. I presume economics would play a part in that, would it?

A. It plays a part in all our operations.

Q. If there was a big, big demand for the product involved at that time, you would probably continue to operate, is that safe to say?

It may be unfair, and if you tell me it's unfair I can withdraw the question.

A. If there was no demand, we wouldn't operate.

Q. Yes, but if there was a large demand, that's my question, you would probably continue to operate?

A. I don't think it would be significant. I really don't think that that would have a significant effect on whether we operated or not.

Q. Now, as I...

DR. DUPRE: Are you leaving that area?

MR. LEDERER: I thought I was.

DR. DUPRE: Okay. I just wanted to, I guess, put the following to you, Mr. Cashman. I grasped the, you know, outline of a policy that I think you have done very well to convey to me. But now, let me make an observation to you.

5 DR. DUPRE: (cont'd.) If I was a shareholder in
J-M, I would say to myself, gee, you know, I think I'm holding a
share in a company that's got a pretty strange policy, because
what their policy seems to be is the following - it's a
multinational and they, of course, obey the law wherever they are,
to be good corporate citizens in that sense, but as I understand
the policy that has been described to me, what it says to me is
all right, from time to time the American government may do its
10 thing, but I am a shareholder in a company which, once the American
government does its thing, even though it happens to have a perfectly
profitable plant that operates entirely in accordance with the law
of another jurisdiction, they are going to go in there because
the American regulation has changed, and hit me right between the
15 eyes as a shareholder, because they are either going to make an
investment to meet an American standard that they don't legally
have to meet, or on the other hand, they are going to shut down
what again is a perfectly profitable operation.

20 Now, I'm putting this kind of shareholder's
observation the way someone, you know, might put it at an annual
meeting, simply to get the confirmation that, by cracky, that
is company policy, shareholder notwithstanding. Is that correct?

THE WITNESS: That is correct.

DR. DUPRE: That is fair to say? Thank you very much.

25 MR. LEDERER: Should I say that? I've just been
informed that's why the shares are at nine bucks.

DR. DUPRE: But we certainly have the answer to
our question now, Mr. Lederer.

MR. LEDERER: Thank you, Mr. Chairman.

MR. LEDERER: Q. You are the senior official for
Manville Canada Incorporated, are you?

30 THE WITNESS: A. Yes.

Q. All right. As such, you would be the senior

5 Q. (cont'd.) official responsible for the medical records which Dr. Uffen referred to, the records which contain material with respect to the workers at the plant in Scarborough?

A. Yes.

10 Q. You will doubtlessly agree with me that government, particularly in this situation, in this jurisdiction, the government of the Province of Ontario has involved itself in the problem of asbestos exposure and asbestos-exposure related disease?

Sorry, you are going to have to say yes, because nobody else does.

A. Yes.

Q. Thank you.

15 And I presume that you would agree with me that the government has, by way of example, and there has been evidence here of this, involved itself in medical surveillance programs involving those workers and has gathered information in that way?

A. Yes.

20 Q. And they have involved themselves as well, and I presume again that you would agree with this, in that they are involved in compensation and are looking for cases, appropriate cases for compensation arising out of disease which has been caused by that kind of exposure, occupational exposure? Sorry?

A. Yes.

25 Q. There is evidence here, I believe, through Dr. Finkelstein, and unfortunately I wasn't here for that evidence, but there is, I believe, evidence through him that in fact the government has also been involved in gathering this material in order to do its own research into some of the critical health problems that arise...scientific health problems that arise out of these issues - for example, the relationship of dose to response.

30 Would you agree with that?

A. As far as I know, yes.

5 Q. Now, I'm leading up to this and I want to be
sure that you agree with me that the government has been involved
in that way, because of the questions or the facts I am about to
elicit and the question that falls out of them.

10 It has been my understanding that historically at
least information has been provided to the government in furtherance
of its efforts in those three areas. I gather, for example, that...
and if you don't agree with this, please tell me...that Johns-
Manville has at one time provided a list of hourly employees,
for example. Do you know if that's the case?

A. I don't know, but I don't doubt that it
probably is true.

15 Q. All right. You are prepared to accept it
from me, then, in the absence of any other evidence to the
contrary, presumably?

A. Yes.

20 Q. All right. That we have also obtained, or
the Government of Ontario has also obtained work histories
of hourly employees, hired between the years 1948 and 1965? Do
you know anything specifically about that?

A. No, I don't.

Q. All right. That was presumably before your
tenure with what is now Manville Canada Inc., is that right?

A. Yes.

25 Q. Again, for the sake of this examination are you
prepared to accept what I'm saying?

A. It would seem reasonable to do so. I have no
reason to doubt you.

Q. All right. I'm also told that...

30 A. There is nothing to confirm it, either, because
I don't know.

5 Q. All right. I'm also told that a partial list of the salaried employees hired before 1960, with some evidence of histories, has also been provided. I take it you are in the same position with respect to that information?

A. The same position, which is essentially that I don't know.

10 Q. What is concerning me, and this is something that you may know about, I hope you do, I would expect that you would - I am informed that when that information was obtained, we were able to, the government was able to obtain it directly from plant personnel, but that recently...and I understand that to mean within the last several months...a decision has been made, or at least we in the government have been informed of a decision, 15 that requests for that information are to be processed through Denver, through the head office.

Now, do you know anything about that decision?

A. No, I don't.

Q. About that change of policy?

20 A. No. I'm not aware of it and I don't know why it might have come about.

Q. Well, given what we have said about the government's role in this area, and...would you agree with me that the kind of information we have been talking about is useful in furtherance of those efforts?

25 A. I assume it is used correctly and ethically, and therefore the answer would have to be yes.

Q. Well, can you indicate to me, since you are the senior official of Manville Canada Inc., whether or not you would be prepared to provide that information, or more of that information, to the government as requested, presuming the request is for ethical usage, as you suggested?

30 A. Yes. I would certainly be prepared to find out

5 A. (cont'd.) why there has been any change of policy, and come up with a good explanation of it, if there has in fact been a change of policy.

Q. All right. And in the absence of a change... well, if there has been a change of policy...

A. Then I will find out why there has been a change.

10 Q. Right. I would like that information to come before this Commission, because I think that's quite important. In fact, I think it bears directly upon the point which is of interest to the Commission.

DR. UFFEN: Mr. Lederman (sic) when you refer to the government, you mean an agency involved in the government?

15 MR. LEDERER: I am talking primarily of the Ministry of Labour.

DR. UFFEN: The Ministry of Labour.

MR. LEDERER: And to be entirely candid...

DR. UFFEN: Which branch?

20 MR. LEDERER: Well, I'm really talking about Dr. Finkelstein, if I can direct it to somebody quite specific, and what I was going to say is that if there has not been a change of policy, I'm going to ask, once I've learned that, I'm going to ask Dr. Finkelstein to contact you directly because, I am told... and let me just read this out and you won't know, but I want to put it on the record...I am informed that by checking with the
25 union seniority roles and x-ray lists, we, the government has discovered that a few of the hourly-rated workers were missed in the original compilation, which was number one of the points I raised with you...that the list of salaried employees that the government is currently working with is incomplete, and that
30 it stands to reason that to properly use that information you need everything. So again, if there has been no change of policy...and

5 Q. (cont'd.) again I'm really only saying this to put it on the record and I'm going to ask Dr. Finkelstein to contact you directly so that we can get what it is we don't have... is that suitable for you?

A. It seems very reasonable.

Q. All right.

10 DR. DUPRE: If there has been a change in policy, of course, I take your answer is that you have not been conscious of whether or not there has been.

THE WITNESS: No.

15 DR. DUPRE: But if there has been a change in policy, where has it come from on our organizational chart, in the area that Mr. Lederer was investigating? I mean, would it have come from the HSE side, or employee records, or...I'm just wondering if you can speculate intelligently on that, or if you would rather not.

20 THE WITNESS: I would really rather not, because I don't know, as I have said for the last several questions, I don't know some of the specifics of it. I will look into it.

25 MR. LEDERER: Would it be...I'm not sure, Mr. Chairman, if this is appropriate...if there has been a change of policy I can foresee that I would like to ask some further questions about it. Is it appropriate for me to ask Mr. Cashman whether he would be prepared to return here if required by the Commission, to respond to that change in policy?

THE WITNESS: There is no question. If the Commission requires me to return for any reason whatsoever, I would, of course, return.

DR. DUPRE: Thank you, Mr. Cashman.

MR. LEDERER: Thank you.

30 Could I just have a moment, Mr. Chairman?

MR. LEDERER: Q. You would agree with me...

5 DR. DUPRE: Perhaps, Mr. Lederer, we might give the witness and ourselves an opportunity to have ten minutes worth of coffee.

MR. LEDERER: Mr. Chairman, at the risk of saying something inappropriate, I'm actually trying to get to a meeting that started at four o'clock. Now, I may not make it, but I don't have that much and I would like to finish.

10 DR. DUPRE: All right. Go ahead, please.

MR. LEDERER: I may not be able to go anyway, but if I have the opportunity, I would like to try.

DR. UFFEN: You appear to be reading from a document.

15 MR. LEDERER: I am.

DR. UFFEN: Would you like to put it into evidence so that we all know what we are talking about?

20 MR. LEDERER: I'll put it into evidence, but what it really is is a hand-written note that Dr. Finkelstein gave to me to remind me of some questions or some areas for questions. I don't think it's an appropriate document for evidence here. There's nothing official about it.

DR. DUPRE: No, I don't think so.

25 MR. LEDERER: Q. Would you agree with me that among the various kinds of evidence that will assist the government in the furtherance of its efforts in the areas that we have talked about, would be any information of deaths caused by mesothelioma or asbestosis or any other asbestos-exposure related disease?

THE WITNESS: A. Would I think that would be useful to the Commission?

Q. Yes.

30 A. I would imagine so. I'm not altogether sure what you are trying to retrieve, but I'm sure...

Q. Well, I'm coming to that. I just want to see

Q. (cont'd.) if we agree on the basis of principle of not.

A. It's difficult to do.

Q. I beg your pardon.

A. I said it's difficult to do without knowing what you are trying to get at.

Q. I am told...well, let me be specific then...I am told by the handwritten note from Dr. Finkelstein, that within the last fifteen months you have in fact had a past employee die of mesothelioma. Do you know anything about that?

A. Not the details.

Q. I beg your pardon?

A. Not the details, no.

Q. Well, I presume, then, you know that the essential fact is correct, that somebody has died in the last fifteen months of mesothelioma, who was at one point employed by...who was employed at one time by Johns-Manville?

A. What is the question? Sorry.

Q. Was there, to your knowledge, a past employee of Johns-Manville who died of mesothelioma in the last fifteen months or so?

A. I don't know that I want to answer that question. What's on the death certificate?

Q. I can't tell you that. I don't know.

A. I don't feel I am in a position to respond to that question.

Q. Well, if you tell me that you don't know...if you tell me that you don't know, I'm quite happy to accept the answer. If you tell me that you won't answer, which implies that you do know, I'm not sure that that's a satisfactory response.

A. The answer is I don't know.

Q. All right.

Would you agree with me that...well, let me go back...

5 Q. (cont'd.) having agreed with me on the basic principle that it's useful information, would you be prepared to provide the government with a list of the pensioners that you currently have - that is, the people who were employed by Johns-Manville in this area - and give the government regular reports... and I suggest quarterly reports as a truly arbitrary selection of a time frame...as to the pensioners who die, so that those
10 deaths can be researched and tracked?

10 A. Offhand I can see no essential reason why we shouldn't do that.

15 Q. Well, all right, then. Can I leave that with you? Will you consider that, along with the change of policy, and let me know whether you would be prepared to provide that information, and again, if you are prepared to provide it, what I am going to suggest is that I will put Dr. Finkelstein in touch with you so we can get that process in running order.

Is that satisfactory?

20 A. Yes. I will look at both of them. There's no problem.

20 Q. I appreciate that.

MR. LEDERER: I'm sorry, is there a concern with...

DR. UFFEN: I'm having a conference with the
Chairman.

MR. LEDERER: I take it there are no...

25 DR. UFFEN: I'm not sure what you take.

MR. LEDERER: Well, I'm taking it that you don't
have any questions for the witness, or anything?

DR. UFFEN: Oh, I have questions of the witness, yes.

MR. LEDERER: I'm sorry. I obviously misunderstood.

DR. DUPRE: Do you have any more questions?

30 MR. LEDERER: I'm not sure.

No, I don't. Thank you very much.

DR. DUPRE: Dr. Uffen?

DR. UFFEN: Yes.

5 To change the subject slightly, in cases where there are similar corporations involved in similar activities, it's not unusual to have an association...I have in mind, for example, the Pulp and Paper Research Association, and things like that.

10 Are you able, in your capacity as chairman of the board, president and general manager of Manville Canada, to authorize participation in such an organization within Ontario, or in Canada?

15 THE WITNESS: Of a trade association or a professional body that was working in conjunction with other manufacturers, users of products that we may sell or manufacture?

DR. UFFEN: I have in mind research purposes.

20 THE WITNESS: Yes, within the sphere of operation of Manville Canada. That would, as such, really today, exclude specific action with asbestos fiber, but could include any action collectively on high-temperature insulations or PVC pipe, of that nature.

DR. UFFEN: Would your counterpart in Johns-Manville Canada, be able to do a similar exercise with respect to asbestos, mining, milling or manufacturing?

25 THE WITNESS: I would think he would. I'm not sure, but I think he would.

DR. UFFEN: Now, to come back to your own case, it's not uncommon in these circumstances for joint funding of research into products, but also into health aspects of workers.

30 Since you don't deal with asbestos, I'll just return to occupational health and areas that are your responsibility. Are you able to participate in, fund such research? Does it come within your own signing authority and powers?

THE WITNESS: Up to a limited or restricted limit, yes. Again, it would depend on the individual product or particular problem we were looking at.

If we were looking at a particular raw material that was only available in Canada that would set up or potentially set up some specific problems if we used it, then we could enter into that project here. It's more likely, however, if you look at the cross-section across the world that there are similar problems and products being developed, used by us in other parts of the world...very often in the United States, but not always.

With that in mind, most of that research work would go through our central research department in the United States.

DR. UFFEN: Where would it fit in in the new master chart?

THE WITNESS: On the righthand side under senior vice-president, process technology.

DR. UFFEN: One final...oh, do you want to...?

DR. DUPRE: No.

DR. UFFEN: One final question. Would you have, within the corporation, Manville Corporation, some kind of a standing committee or organizational structure for research, including the health of employees, and would you have any representation on such an organization?

THE WITNESS: The research is done through the senior vice-president of research and technology, which tends to work under working committees related to some specific groups of products, such as PVC pipe or fiber glass insulation, asbestos pipe, etc., and we would normally have representation on those, guiding committees in the direction that research work was being done.

The research work or control work in terms of

THE WITNESS: (cont'd.) environmental, outside environmental engineering as it applies to people, would come within the health, safety and environment box, as a regular backwards and forwards input.

DR. UFFEN: I know I said I had a final question, but I have an additional one.

Could you, in your Canadian capacity, contribute to the research of say an organization like the Canadian Occupational Health and Safety Research Establishment in Hamilton, affiliated with McMaster University?

THE WITNESS: Within certain financial restraints, yes.

DR. UFFEN: Are you able to tell us what that might be?

THE WITNESS: It would really depend on this project, the length of the project. I prefer not to go into those financial details. They are currently under review, as are a number of our other contributions.

DR. DUPRE: I only have one question. This is going back to your earlier career, Mr. Cashman. I take it that quite a bit of your career, indeed, involved the mineral and chemistry department of J-M?

THE WITNESS: Yes. Filtration of mineral department, yes.

DR. DUPRE: Were you...is a department like that a department that, among other things, does work on the possible health effects of asbestos substitutes?

THE WITNESS: No, we do not.

The work that we are doing there were in the applications of some particular forms of silicas which were used as mineral fillers in paints and plastics, and as filtering aids around beers, wines, water, etc., and had, as such, no

THE WITNESS: (cont'd.) reinforcing properties such as asbestos fiber has. There was not an interrelation between the two.

DR. DUPRE: Where in your corporate structure since you are in the business of asbestos substitutes, I think we have established, in any of a number of areas, where in your corporate structure is there a capacity to look at and investigate the safety of asbestos substitutes before they are marketed?

THE WITNESS: If there was work done on specific products to replace asbestos fiber, if there was that work done, it would come within the research, clear research department in the United States, under the senior V-P of process and technology, and before...way before anything was even fractionally commercialized, the health, safety and environment people would be involved in that, in that there are certain broad guidelines that you can operate under in the very, very early stage.

DR. DUPRE: Questions, Mr. Laskin?

MR. LASKIN: No, I don't have any questions, thank you, Mr. Chairman.

Thanks, Mr. Cashman.

DR. DUPRE: Well, may I, Mr. Cashman, thank you on behalf of the Commission for your appearance today. Thank you very much.

THE WITNESS: Thank you.

THE INQUIRY ADJOURNED

THE FOREGOING WAS PREPARED
FROM THE TAPED RECORDINGS
OF THE INQUIRY PROCEEDINGS

Edwina Macht
EDWINA MACHT

